# 94-457 FINANCE AUTHORITY OF MAINE

CHAPTER 301 MAINE JOB-START PROGRAM

Summary: This rule establishes the procedures and standards applicable to borrowers and community action agencies participating in the Authority's statewide program for making low-interest loans to stimulate the development and expansion of small business. The Authority and the community action agencies may contract to provide loans of up to $10,000 to eligible borrowers for approved purposes in accordance with this rule.

1. Defined Terms. The following terms, some of which are defined in the Finance Authority of Maine Act, 10 M.R.S.A. Section 961 et seq., (the "Act") , shall have the following meanings in this rule:

A. "Advisory Board" means the job-start Advisory Board appointed by the Board of Directors of each community action agency or by the Boards of Directors of community action agencies which have jointly contracted with the Authority to administer a combined job-start program.

B. "Authority" means the Finance Authority of Maine (Act Section 963).

B.1. "Business Support Group" means a self-selected group of no less than five individuals, corporations or partnerships having community or other common ties demonstrating a common mission or purpose who are hopeful of starting or expanding separate businesses, and meet the eligibility requirements set forth in Section 4 of this rule, which group has been approved by the Authority and by the community action agency in whose area it exists.

B.2. "Business Support Group Leader" means a leader elected by a business support group from among its members to convene periodic meetings, maintain a loan register, facilitate payments due to the Authority and perform other tasks as necessary and directed by the business support group in accordance with and in furtherance of the job-start program.

C. "Chief Executive Officer" means the Authority's chief executive officer or any person acting under the supervision of the chief executive officer, unless a community action agency is to administer the Maine Job Start Program and control a portion of the job start revolving loan fund, in which case it means the community action agency's chief executive officer or any person acting under the supervision of the chief executive officer of the community action agency.

D "Commitment" means a letter from the Authority, or in the event that the community action agency is to administer the Maine Job Start Program and control a portion of the job start revolving loan fund, then from the community action agency, to an applicant signed by the chief executive officer to make a loan to the applicant on the terms and conditions and subject to the requirements stated therein.

E. "Community Action Agency" means a local community action agency established under 22 M.R.S.A. Chapter 1477, or a combination of community action agencies which have jointly agreed to contract with the Authority to administer a combined job-start program.

F. "Contract" means a contract between the Authority and a community action agency for participation in the jobstart program, in a form prescribed by the Authority.

G. "Coordinator" means the coordinator appointed by each contracting community action agency to administer the job-start program in that region.

H. "Eligible Applicant" means an applicant who meets the eligibility requirements set forth in Section 4 of this rule.

I. "Gross Income" of an applicant means the aggregate of all income of the applicant and his or her spouse and dependents in the twelve month period prior to the application, from any and all sources, excluding foodstamps and fuel assistance, whether or not taxable, less the reasonable costs and expenses of producing that income, as approved by the Authority.

J. "Household" means the applicant and his or her spouse and dependents.

K. "Net Worth" of the applicant means, in the case of individuals, the total value of the equity of the applicant, his or her spouse, dependents and other household members in all real and personal property, excluding the applicant's principal residence and any non-liquid assets intended to be used in the business for which the job-start loan is sought, and also excluding such other items as the Authority may approve consistent with the purposes of the job-start program. In the case of a corporation or partnership, net worth shall be defined in accordance with generally accepted accounting principles, provided that the Authority may exclude such non-liquid assets as it may deem fair and reasonable consistent with the purposes of the job-start program.

2. Contract. Community action agencies may not participate in the job-start program until they have executed a Contract with the Authority in form to be prescribed by the Authority. The Contract shall contain the following terms and conditions:

A. Each community action agency shall be responsible for the implementation and administration of the job-start program in its region in accordance with the Act, this rule, the Contract and the proposal submitted by the community action agency to the Authority. Each contracting community action agency shall serve any applicant provided that if the applicant is a resident of a region in which a contracting community action agency's other programs are being administered the applicant shall apply to the contracting community action agency serving its region. If the region so served by a community action agency overlaps the region served or to be served by another community action agency which has executed a Contract or which subsequently executes a Contract, then the applicable geographic boundary established between their respective regions by the Division of Community Services shall govern in the event of any conflict.

B. The Board of Directors of the community action agency shall appoint an Advisory Board and a Coordinator, and shall ensure that the Advisory Board and Coordinator perform their appointed functions in a fair, competent and effective manner. The Advisory Board shall consist of five (5) members appointed for terms not to exceed two years, and shall contain representatives of low-income people and members with financial and business experience. The Board of Directors may appoint an alternate member to the Advisory Board who shall act as a voting member when any other Advisory Board member is absent or unable to participate because of a conflict. A majority vote of the Advisory Board shall be necessary to recommend approval of an application; a majority shall consist of no less than three (3) votes.

C. The Advisory Board shall solicit, review and consider applications from eligible applicants, shall require such additional information and impose such terms and conditions as it may deem necessary or advisable, shall provide advice and counseling to applicants and shall report on applications to the Authority in accordance with this rule.

D. The Coordinator shall be responsible for management of the regional job-start program, including assistance to applicants in preparing applications and business plans, and shall also be responsible for liaison with the Authority.

E. The community action agencies shall ensure that training is provided for their job-start program staff and that counseling is provided as necessary for loan applicants, and shall involve existing small business technical assistance and counseling programs to the extent available.

F. Each community action agency shall be responsible for thirty percent (30%) of its administrative costs of the job-start program, which costs may be derived from direct financial support other than from or through the Authority or in-kind services valued on a reasonable and consistent basis. Contracting community action agencies shall keep accurate records of both direct and in-kind support and shall report such information to the Authority upon request.

G. Each community action agency shall provide the Authority with a monthly report indicating loan recommendations made, applications under review and applications received and expected and shall keep inquiry and waiting lists.

H. Community action agencies shall be responsible for such monitoring of outstanding loans as the Authority may reasonably require, including periodic reviews of use of loan proceeds, condition of collateral and compliance with business plan. The Authority shall have primary responsibility for collection of loan payments due and enforcement of terms and conditions, but may require such reasonable nonfinancial assistance from the community action agencies as may be within their capacity, unless the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, in which event loan collection shall be the responsibility of the community action agency.

I. In the event that a community action agency fails to carry out its responsibilities under its Contract, the Authority shall notify the Executive Director of the community action agency in writing of such failure, shall specify the actions necessary to bring the community action agency into compliance and shall state that unless the community action agency takes such actions as are necessary to bring it into compliance within sixty (60) days of the mailing of the notice by the Authority, the Contract may be terminated. A community action agency may terminate its Contract with or without cause at any time upon thirty (30) days written notice to the Authority, provided that any monetary or reporting obligations of the community action agency to the Authority shall remain in effect until satisfied.

J. Any Contract may also provide that the community action agency is to administer the Maine Job Start Program and may also provide that the community action agency is to control a portion of the Job Start Revolving Loan Fund for a period of time specified by the Authority in the Contract. The Contract may also provide that the community action agency is responsible for the administration of all existing loans made by the Authority upon the recommendation of the community action agency's advisory committee. A Contract may be renewed upon the showing of continued compliance with all requirements. The Authority may enter into a Contract with a community action agency upon the showing by the community action agency that it complies with each of the following requirements:

(1) The community action agency must have a jobstart loan board to review and make recommendations concerning loan applications. The loan board must consist of 5 members and include representatives of persons of low income and members experienced in business, lending and financial matters.

(2) The agency must prove its capacity to originate prudent loans and to service those loans through:

(a) The ability to solicit and screen potential applicants and provide necessary technical assistance to help applicants prepare a business plan and determine the viability of the business, repayment ability and the amount of loan funds needed;

(b) The ability to properly document each loan transaction, including the perfection of the interest of the agency in all collateral;

(c) The ability to access appropriate legal guidance to ensure adherence to all applicable laws concerning lending, loan administration and collection;

(d) The ability to accurately account for all loan repayments;

(e) The ability to pursue collection actions;

(f) The ability to invest and administer the Job-start Revolving Loan Fund; and

(g) Such other criteria as the chief executive officer of the Authority determines necessary to ensure the efficient administration of the program.

K. Upon approval of an application by the chief executive officer of the Authority, a Contract will be issued in form and content satisfactory to the chief executive officer of the Authority. The Contract shall incorporate the provisions of all applicable law with regard thereto, including but not being limited to 10 M.R.S.A. §1100-N, as it may hereafter be amended.

L. If, upon examination of the application and any supporting information, the chief executive officer of the Authority rejects such application, the community action agency shall be so informed. The notice of the rejection shall provide that the applicant may appeal the chief executive officer's denial of the application to the members of the Authority by notifying the chief executive officer in writing, provided that the chief executive officer receives such notice of appeal within fourteen (14) days after the sending of notice of denial. The appeal shall be heard at a regularly scheduled meeting of the members as soon as it can reasonably be scheduled, and the applicant must be present to support the appeal. The members of the Authority shall not overturn the decision of the chief executive officer unless the members determine that the rejection by the chief executive officer was arbitrary, capricious or an abuse of discretion. If such a determination is made, the members may reverse or modify the decision of the chief executive officer and may direct the chief executive officer to take further action with respect to the application.

3. Loan Fund Allocation. Loan funds and other appropriations available to the Authority for the job-start program shall be allocated to community action agencies which have executed a Contract for the fiscal year and are not in default thereunder in the following manner:

A. Each contracting community action agency shall be allocated in each fiscal year an equal portion of the available loan funds to be used solely for approved job- start program loans. In each fiscal year the Authority may allocate to the contracting community agency less than the total, amount available in the job-start loan fund, as it determines is necessary to preserve the integrity of the loan fund. After six months, the Authority may reallocate the loan funds as deemed prudent by the Authority.

B. Repealed effective September 18, 1990.

C. New loan funds are available from the principal portion of payments received from loan recipients. Each contractor will be allocated the principal portion of funds paid back by recipients of loans processed by the contractor. The Authority will track these funds by contractor and make them available to the contractor.

D. The investment interest accrued on the loan fund shall be available subject to a 30% match, for the administrative expenses of all contracting community action agencies, to be provided and paid in accordance with the contracts executed between the Authority and the community action agencies, provided that no monies will be available for administrative expenses from the investment interest accrued on the loan fund until all funds appropriated for use for administrative expenses in prior fiscal years have been committed. In addition, each contracting community action agency shall receive any amount appropriated by the legislature in each fiscal year for purposes of special administration expenses of the program in accordance with such appropriation and the contract executed between the Authority and agency.

E. In addition to the funds for administrative expenses available from the investment interest, each contractor will have access to the interest portion of funds paid back by recipients of loans processed by the contractor. The Authority will track these funds by contractor and make them available to the contractor in accordance with the Contracts.

F. If at any time a Contract is terminated, the Authority may reallocate the unused balance of loan funds previously allocated that contractor, or such portion thereof as the Authority may elect, to another contracting community action agency. All principal and interest from outstanding loans shall be allocated to the contractor servicing the loans in accordance with this rule. The Authority may also reallocate unmatched administrative funds to the agency or agencies to which unused loan funds are reallocated.

G. In the event the contract provides for the community action agency to administer the Maine Job Start Program and for control by the community action agency of a portion of the job start revolving loan fund for a specified period of time:

1) The Authority shall establish and divide the loan fund into a separate revolving loan fund to be administered by the community action agency.

(a) That portion of the job start revolving loan fund to be controlled by the community action agency shall equal that portion constituting all loans processed by that community action agency, including any and all unpaid principal and accrued interest thereon, less all due and proper deductions for administrative expenses of the Authority, and the Authority shall transfer and assign to the community action agency all loan documentation evidencing the same.

2) Each separate revolving loan fund must contain all repayments of principal and interest for loans made from that fund and interest earned by that fund.

3) Costs of collection of interest and principal payments required by loan defaults are charged to the fund to which repayments are applied.

4) Appropriations available to the Authority for the job-start program in any fiscal year shall be allocated in accordance with subparagraph A, and as allocated shall be delivered to the community action agency for deposit in its separate revolving loan fund.

5) Each community action agency has responsibility for the allocation and distribution of the portion of the fund allocated to its separate revolving loan fund.

6) All interest earned by the separate revolving loan fund either by means of investment or loan payments is available to the community action agency administering that separate revolving loan fund to which the interest is attributable. The community action agency shall allocate these funds primarily for administrative and counseling services.

H. The Authority may allocate to itself up to $10,000 of administrative program funds derived from investment interest on the fund per contractor for expenses incurred by the Authority in administering this program. In the event that the Authority has provided for the community action agency to administer the Maine Job Start Program and to control a portion of the job start revolving loan fund, then the community action agency shall allocate and pay over to the Authority from the investment interest on its separate fund the amount allocated by the Authority to itself for such expenses.

4. Eligibility. To be eligible for a loan, an applicant must meet the following criteria:

A. Applicants shall be limited to individual residents of the State of Maine, and corporations, partnerships and joint ventures organized under the laws of the State of Maine in which all of the stockholders, partners or joint venturers individually meet the eligibility criteria for applicants under this rule. Nor-for-profit businesses shall not be eligible to apply for loans under the job-start program. Applicants will not be eligible if they employ more than 20 persons or have gross sales exceeding $2,500,000 per year, or, in the case of new businesses, they project that within the first twelve months of operation they will employ more than 20 persons or have gross sales exceeding $2,500,000.

B. An applicant may not have previously received a job-start program loan, except that this restriction shall not apply if the amount previously received plus the amount of the additional assistance sought for the same business enterprise does not exceed the maximum permitted loan amount. For purposes of this subsection (B), the term "applicant" shall include the spouse, dependents or members of the same household, partners, or joint venturers or stockholders in the business for which the loan is sought. An applicant who has previously been rejected by the Authority for a loan under the job-start program may not reapply unless there has been a significant change in the application from the one rejected.

C. The Gross Income of the applicant shall not exceed the higher of:

1) eighty percent (80%) of the State average of the most recently issued HUD median income guidelines for lower income families, pursuant to Section 8 of the U.S. Housing and Community Development Act of 1974, ("HUD Income Guidelines") ; or

2) 80% of the most recently issued HUD Income Guidelines applicable to the county of residence of the applicant, based on household size, plus $1,000 for each member of the applicant's household in excess of five.

In the case of a corporation, partnership or joint venture, Gross Income shall not exceed the average income guidelines referenced above as applicable to the stockholders, partners or joint venturers, and in addition all stockholders, partners and joint venturers must meet the applicable Gross Income requirement. Applicable gross income guidelines will be established for each fiscal year on the first day of each fiscal year.

D. The applicant’s business enterprise for which the loan is sought must be located or conducted within the State, or if a maritime enterprise, must be operated principally from a port located within the State of Maine.

E. If the applicant is a resident of a region served by a contracting community action agency, or the principal location of the business is in such a region, then the applicant shall apply to the community action agency serving the region in which the applicant's residence or business is located. In the case of partnerships, joint ventures or corporations, if at least fifty percent (50%) of the partners, venturers or stockholders are residents of a region served by the community action agency, or the principal location of the business shall be in a region served by a contracting community action agency, the application shall be presented to the contractor serving that region.

F. Each applicant and his or her spouse and dependents shall have a total Net Worth of no more than twenty-five thousand dollars ($25,000). In the case of a partnership, joint venture or corporation, all partners, venturers or stockholders must meet the Net Worth requirement (exclusive of their interest in the applicant) and in addition the applicant must have less than twenty-five thousand dollars ($25, 000) in Net Worth.

G. Except as may be specifically accepted by the chief executive officer, no loan funds may be disbursed unless the applicant has paid all taxes which are due and payable and is in compliance with all applicable federal, state and local laws, regulations or ordinances.

5. Application Contents. Applications and forms for financial information will be provided by the Authority to the Coordinators along with instructions for completion by the applicants. The community action agencies may substitute other forms provided that they contain substantially the same information and take into account any differences from the Authority forms. The information to be submitted by the applicant will include the following:

A. Certification by the applicant that he or she meets all eligibility criteria, along with satisfactory evidence of Gross Income and Net Worth.

B. Applicant's resume and references.

C. A current balance sheet and previous balance sheets if available.

D. Applicant's tax returns for the previous three (3) years, and in the case of a corporation, partnership or joint venture, tax returns of all shareholders, partners or venturers.

E. Statements of projected income and expenses for the first year of the proposed operation.

F. A detailed listing of all machinery or equipment having a value in excess of five hundred dollars ($500).The depreciation schedule for the previous year shall be submitted if the applicant was in business.

G. A detailed description and market value estimate of the real estate or vessel used in the business or offered as collateral.

H. A marketing plan, to include products or services to be sold, to whom the products or services will be sold and evidence of markets.

I. A purchase agreement if applicable.

J. Letters of commitment from any other sources of financing.

K. A Department of Environmental Protection Certificate of Approval, if applicable, and any other applicable governmental approvals.

L. Satisfactory evidence of lack of access to conventional sources of credit.

M. Other information reasonably necessary to determine the likelihood of success of the applicant's proposed business.

N. The Authority's Environmental Questionnaire.

O. If the applicant has more than ten (10) employees, an employment plan on the form provided by the Authority.

6. Application Procedures.

A. Applications shall be submitted to the Coordinator, who shall assist applicants in preparing applications for presentation to the Advisory Board which are complete and which comply with the requirements of this rule and contain sufficient information upon which a decision on the application can be based.

B. Advisory Boards shall convene meetings at such times, places and with such frequency as is reasonable taking into consideration the volume of applications, the requirements of the applicants and the convenience of the Advisory Board members, provided that meetings shall occur at least monthly if applications are pending review. All meetings shall be open and accessible to the public, and applicants shall be invited to attend and present their application. Notice of the date, time and place of each meeting shall be given to the public in such manner as may be reasonable and appropriate in each region. Upon request, the Advisory Boards shall take such action as may be necessary to protect confidential financial information and business plans, provided that if there is any disagreement between the Advisory Board and the applicant as to the confidentiality of any information, the sole remedy of the applicant shall be to withdraw the application.

7. Criteria and Considerations. The following shall be considered by the Advisory Board in recommending approval or rejection of an application for a loan, and by the Authority in approving or rejecting a loan:

A. Whether the application is complete and the applicant has supplied all information necessary for review and analysis of the application.

B. Whether the applicant is eligible for the loan.

C. The extent to which the applicant demonstrates need for the loan and lack of access to conventional sources of credit.

D. The economic feasibility of the business as evidenced by the applicant's present and past financial situation and business experience and the general reasonableness of the business proposal and financial projections for the future. E. The applicant's credit-worthiness, taking into account the scope of the job-start program and the targeted applicant pool.

F. Whether the applicant has sufficient capital and other resources to conduct the business as planned.

G. Whether an adequate market analysis or other counseling requirement has been completed.

H. Whether the applicant is offering security for the loan and whether the security is adequate.

I. The extent to which the risk of financial loss is shared by others.

J. The viability of the industry of which the enterprise is a part and the contribution of the enterprise to that industry.

K. The extent to which the projected annual gross income of the business contributes to the total income of the applicant. Part-time business endeavors will receive equal consideration.

L. The impact of the business on the applicant and his dependents, the community and the region served by the community action agency, including the extent to which the business contributes to:

1) Local economic development,

2) Market development, and

3) Employment opportunities.

8. Recommendation to the Authority.

A. After the application is complete, has been presented to the Advisory Board, and the applicant has had an opportunity to support the application and provide any further information or answers to questions, the Advisory Board shall vote on whether to recommend that the Authority accept or reject the application. A majority of the Advisory Board shall be necessary to recommend approval of a loan. In the event that a majority vote cannot be obtained either to recommend approval or rejection, then the recommendation shall be deemed to be to reject. No Advisory Board member may participate in a vote on an application where that member has a direct or indirect pecuniary interest in the outcome of the vote.

B. The Advisory Board, in cooperation with the Coordinator, shall prepare a report on each application and shall forward the report to the Authority within ten (10) business days of the vote on the application. The report shall contain the following:

1) The complete application as presented to the Advisory Board.

2) A detailed summary of the testimony at the Advisory Board meeting at which the application was considered, including comments of the applicant, answers provided by the applicant to questions, any comments by any members of the public, and any statements by the Coordinator or any member of the Advisory Board,

3) A statement of the results of the vote,

4) A statement of reasons for the vote, if the majority based its vote on agreed reasons,

5) A statement by any members who voted contrary to the majority giving reasons for their stance, if they so desire.

6) If the vote is to approve the loan, a recommendation for the amount of the loan, the term of the loan, the security for the loan, if any, and any other recommendations regarding the terms or conditions,

7) such other information or analysis as the Advisory Board feels should be considered by the Authority.

B.1. In the event that the Authority has provided for the community action agency to administer the Maine Job Start Program and to control a portion of the job start revolving loan fund, then the provisions of sub- paragraphs C, D, E and F shall apply to the community action agency instead of the Authority, mutatis mutandis, and subparagraph G shall not apply, and there shall be no appeal to the Authority.

C. The chief executive officer shall be responsible for insuring that the recommendation of the Advisory Board, and the reasons therefor, are considered and action is taken by the chief executive officer either issuing a commitment or rejecting the loan. The chief executive officer shall consider the application and recommendation within three (3) weeks of receipt from the Advisory Board, provided that if the chief executive officer determines that the application is not complete or additional information is necessary, the chief executive officer may consider the application within three (3) weeks of the time the application is completed or the additional information is presented by the applicant to the chief executive officer's satisfaction. The chief executive officer shall take the recommendation of the Advisory Board, and the reasons therefore, into account, particularly to the extent the recommendation is based on knowledge of local business and economic conditions, but shall be entitled to exercise his or her own judgment based on the application, this rule and the Act.

D. Upon approval of an application by the chief executive officer, a commitment will be issued setting forth the terms and conditions of the loan, including the amount approved, the interest rate, the term, the security required and shall also require the submission in final form within a time specified of all appropriate documents, appraisals, guarantees, permits, approvals, opinions, certifications and other instruments or documentation evidencing full compliance with Authority requirements and in form and content satisfactory to the chief executive officer.

E. No commitment shall be valid unless authorized by the chief executive officer and a commitment shall be effective for a stated period. A commitment may be renewed in the manner stated in the commitment, and may be subject to such reasonable conditions as the Authority may impose.

F. No commitment shall become effective until the applicant and any guarantors have signed it and agreed to its terms.

G. If, upon examination of the application, supporting information and the Advisory Board recommendation, the chief executive officer rejects such application, the borrower and the Coordinator shall be so informed. The notice of the rejection shall provide that the applicant may appeal the chief executive officer's denial of the application to the members of the Authority by notifying the chief executive officer in writing, provided that the chief executive officer receives such notice of appeal within fourteen (14) days after the sending of notice of denial. The appeal shall be heard at a regularly scheduled meeting of the members as soon as it can reasonably be scheduled, and the applicant must be present to support the appeal. The members of the Authority shall not overturn the decision of the chief executive officer unless the members determine that the rejection by the chief executive officer was arbitrary, capricious or an abuse of discretion. If such a determination is made, the members may reverse or modify the decision of the chief executive officer and may direct the chief executive officer to take further action with respect to the application.

9. Loan Terms and Conditions.

A. Loans to applicants shall not exceed the lesser of ten thousand dollars ($10,000) or an amount which is reasonable under the circumstances in accordance with the purposes of the Act. Two or more applicants may not combine loans to the same business enterprise to exceed the loan maximum.

B. The loan shall bear a maximum interest rate which shall be fixed at two (2) percentage points below the New York prime rate of interest as listed in the Wall Street Journal on the date the commitment is issued by the Authority. In no event will the Job-Start interest rate exceed twelve percent (12%), provided however, that the chief executive officer may require that the interest rate after default will be a maximum of five (5) percentage points greater than the initial rate on the defaulted loan.

C. The term of each loan shall be based on applicant need, the business plan and the useful life of the collateral securing the loan.

D. The Authority may require such collateral as may be available, including, in appropriate cases, a mortgage on real estate, a security agreement in personal property or personal guarantees. Except as specifically approved by the chief executive officer, collateral shall be located within the State, or if mobile, shall be registered within the State if the State registers such mobile collateral.

E. The Authority will prepare the loan documentation, and execution of all loan documentation in form and content satisfactory to the Authority shall be a condition precedent to the payment of loan proceeds to the applicant. Loan closings shall take place at a mutually agreed upon location.

F. In the event that the Authority has provided for the community action agency to administer the Maine Job Start Program and to control a portion of the job start revolving loan fund, then the provisions of subparagraphs A, B, C, D and E shall apply to the community action agency instead of the Authority, mutatis mutandis, and with regard to sub-paragraph B, the community action agency shall set the rate of interest for the loan, but in no event shall the rate exceed the lesser of (a) the New York prime rate of interest plus four (4) percent per annum, or (b) twelve (12) percent per annum.

10. Covenants of Borrower. The borrower will agree to the following terms and conditions in the loan documentation, as may be reasonable and applicable:

A. The borrower will comply with all applicable planning, zoning, sanitary, building and environmental laws, ordinances and regulations of the federal, state and local governments.

B. The borrower will agree not to convey, lease or transfer any collateral for the loan without the prior written consent of the Authority.

C. The borrower will agree to participate in such marketing and training programs as the Authority may require.

D. The borrower will expend no portion of the loan directly or indirectly for purposes other than those approved by the Authority.

E. The borrower will keep and maintain proper books, records and accounts, and operate the business in a businesslike manner, and will allow the Authority or its designated representatives to examine the business and the books, records and accounts at any reasonable time.

F. The borrower will pay, when due, all taxes or charges assessed against the collateral or the business.

G. The borrower will keep insured to the satisfaction of the Authority all insurable property securing the loan and will maintain the collateral in good condition and repair.

H. The borrower will repay any advances or expenses of the Authority necessary to protect the collateral or enforce the rights of the Authority against the borrower or the collateral.

I. Capital expenditures may be limited as deemed necessary by the Authority.

J. The borrower will not alter or relocate collateral or the business or change the nature of the business without the prior written consent of the Authority.

K. The borrower will comply with such other covenants as the Authority may impose or establish.

L. In the event that the Authority has provided for the community action agency to administer the Maine Job Start Program and to control a portion of the job start revolving loan fund, then the provisions of subparagraphs C, D, E, F, and G shall apply to and benefit the community action agency instead of the Authority, mutatis mutandis.

11. Use of Loan Proceeds. The borrower shall use loan proceeds for the purposes stated in the Commitment, and the borrower's rights under the Commitment shall not be assignable.

12. Waiver of Rule. The members or the chief executive officer so may waive any requirement of this rule, except to the extent that the requirement is mandated by the Act, in cases where the deviation from the rule is insubstantial and is not contrary to the purposes of the job-start program.

13. Loan Administration.

A. Notes shall be payable to the Authority, unless the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, in which event notes shall be payable to the community action agency. All loan administration, including accounting, monitoring and collection, shall be the responsibility of the Authority, unless the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, in which event loan administration shall be the responsibility of the community action agency. Upon default under the loan documentation for any loan, whether a default in payment or otherwise, the chief executive officer may allow the defaulting borrower such time to cure the default as the chief executive officer may deem reasonable, may revise the terms and conditions of the loan to accord with the borrower's financial condition and business prospects, may require additional security or may declare an immediate default and proceed to take such action as is necessary to enforce the Authority's rights, or in the event the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, then such action as is necessary to enforce the community action agency's rights under the loan documents and to collect the loan. In determining how to proceed after a borrower defaults, the chief executive officer shall consider the purposes of the Act and the job-start program, the borrower's progress and prospects, the impact of enforcement and collection on the borrower and the likelihood that the loan will be repaid if a waiver or extension is granted.

B. If the chief executive officer determines that the loan should be enforced and collected, the borrower shall be given notice of the default or defaults, shall be given a grace period of thirty (30) days in which to cure the default or defaults, and shall be notified that if he fails to cure the default or defaults, the Authority, or, if the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, then, the community action agency, may proceed to enforce its rights under the loan documents.

C. In order to protect the integrity of the job-start fund, the chief executive officer may apply payments or other monies received on loans which are in default first to expenses of collection, and preservation of collateral, second to accrued interest and third to outstanding principal.

14. Business Support Groups. In addition to the foregoing, the following shall apply only to business support groups. To the extent that anything in this Section 14 is contrary to any of the foregoing, this Section 14 shall govern business support groups.

A. Contract. The Contract between participating community action agencies and the Authority shall contain the following:

1) The Coordinator shall also be responsible for monitoring periodic business support group meetings, business support group fund reporting to the Authority and assistance in preparation of and review of business support group loan applications.

2) The community action agency shall also provide the Authority with a monthly report on business support group funds and status of projects pending.

B. Loan Fund Allocation. Loan funds may be used within each community action agency region for purposes of making loans to members of business support groups. Each community action agency may allocate up to $25, 000 of its annual allocation from the job-start revolving loan fund for purposes of business support group loans. A community action agency may allocate more than $25, 000 of its job-start loan funds for purposes of business support group loans upon approval of the Authority provided that all other contracting community action agencies are in agreement and provided that in no event shall the total of such funds allocated by all contracting community action agencies exceed $25, 000 per contracting community action agency.

C. Eligibility.

1) Business support groups must agree to undergo business management training programs as facilitated by the Authority, unless the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, then by the community action agency. The community action agencies and each member must agree to provide business support to each other member.

2) In order to be eligible to receive any loans, the members of a business support group must, upon commencement as a group, submit a loan origination accountability plan to the Authority and the community action agency for approval, unless the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, then the loan origination accountability plan shall be submitted only to the community action agency for approval, setting forth a method by which the group proposes to make loans to its members which shall address incentives for encouraging accountability of the members to each other regarding loan payments and compliance and a schedule for making loans to members which addresses the foregoing.

3) A business support group member may reapply for a loan, provided that any previous business support group loans to that member have been paid in full and the previous loan conditions complied with and provided also that each other member of the business support group has had an opportunity to apply for at least one loan, unless these requirements are unanimously waived by the remaining members of the business support group.

D. Application Procedures. Applications by members of business support groups shall not be subject to the procedures set forth in Sections 6(A) and 6(B) or Sections 8(A-F). Rather, business support groups shall be subject to the following:

1) The Coordinator shall assist members of business support groups in preparing applications and shall review applications prior to submission to a vote of the group.

2) Each business support group shall convene periodically, but at least monthly, at such times and places as is reasonable taking into consideration the volume of applications and agenda discussion items to review completed applications from their members, provide business support to members as necessary and collect any loan payments due.

3) The business support group shall allow the applicant to discuss his or her loan request at its meeting. The business support group shall vote on whether or not to approve the application. A majority vote of the business support group shall be necessary to approve a loan. In the event that a majority vote cannot be obtained to approve the loan, then the recommendation shall be deemed to be a denial. No business support group member may participate in a vote on an application where that member has a direct or indirect pecuniary interest in the outcome of the vote other than as a member of such group.

4) The business support group leader shall keep a loan approval/denial register on each application. This register shall contain the borrower's name, date of approval or denial, loan amount, term, interest rate, payment terms and conditions of the loan. Upon approval of a loan and recording in the loan register, the business support group leader shall notify the Coordinator of the decision and submit the approved loan application to the Coordinator.

5) The Coordinator shall notify the Authority of the business support group's decision and submit the completed loan application to the Authority, unless the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, then notification shall be given to the community action agency and the completed loan application shall be submitted to the community action agency. The Authority, unless the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, then the community action agency, may review an application for compliance with this Section 14 and this rule and, notwithstanding the vote of the business support group., may approve or deny an application in accordance with the foregoing.

6) Upon approval by the Authority, unless the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, then upon approval by the community action agency in accordance with Section 14(d)(5), the loan shall be documented and closed in accordance with this rule. Should the Authority, unless the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, then should the community action agency, deny an application, the decision shall be final.

E. Loan Terms and Conditions.

1) Loans to a member of a business support group shall not exceed $5,000 in the aggregate.

2) The interest rate shall be fixed as of the date a loan is approved by a business support group.

3) The term of a loan to a member of a business support group shall not exceed three (3) years and such loans shall be repaid in accordance with the recommendation of the business support group.

F. Use of Loan Proceeds. A business support group borrower shall use loan proceeds only for the purposes approved by a business support group and the Authority.

G. Loan Administration.

1) Notes shall be payable to the Authority, unless the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, then notes shall be payable to the community action agency but payments shall be delivered by the borrower to the business support group leader at a regularly scheduled meeting of the group. All administration, including record-keeping and monitoring, shall be the responsibility of the business support group. The business support group leader shall collect the payments, forward them promptly to the Authority or the community action agency, as the case may be, and provide a weekly update to the Coordinator on the fund status. Payments shall be deemed received upon receipt by the Authority, unless the Authority has provided that the community action agency shall administer the Maine Job Start Program and control a portion of the job start revolving loan fund, then upon receipt by the community action agency.

2) If a borrower in a business support group is unable to make a scheduled loan payment, then that payment may be made, by contributions of the remaining business support group members. If the payment is not made no further loan funds will be available to that business support group until the payment is made.

EFFECTIVE DATE: October 3, 1984

AMENDED: November 27, 1985

December 28, 1985

August 13, 1987--(EMERGENCY)

August 18, 1987

October 3, 1987

August 28, 1988

September 18, 1990

December 19, 1993.

EFFECTIVE DATE (ELECTRONIC CONVERSION): May 4, 1996

NON-SUBSANTIVE CORRECTIONS: October 7, 1996 - minor spelling.

APAO WORD VERSION CONVERSION (IF NEEDED) AND ACCESSIBILITY CHECK: July 17, 2025