

MAINE STATE LEGISLATURE

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FINANCE AUTHORITY OF MAINE

Program Evaluation Report

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Overview of FAME Mission and Programs

Thirty-five Years of Making Business and Education Work for Maine

The Finance Authority of Maine (FAME) is a quasi-independent state agency that develops and administers programs related to the financing of both higher education and business in the state of Maine. To aspiring Mainers, FAME is the leading financial resource that expands business and educational opportunities through our willingness to invest at greater risk based on public benefit. Our mission is to provide innovative financial solutions to help Maine citizens pursue business and educational opportunities.

In today's rapidly changing global economy, businesses need a well-educated workforce as well as adequate capital. Financial solutions that help Maine people obtain a higher education and help Maine businesses prosper help make our state a better place in which to work and live. For Maine citizens, higher education is the foundation for personal fulfillment and a better quality of life. It also is the foundation for a skilled workforce, a necessity for the Maine economy. Maine companies need access to capital and skilled workers. FAME works to support both of these needs in order to strengthen the Maine economy.



As our name implies, our core competency is finance. We are focused on financial solutions and, we believe, are good at delivering them. FAME's customers are Maine people and Maine businesses. We seek to continuously improve customer satisfaction by developing and deploying processes that help our employees perform to their highest potential. Our chief goal is to grow the number of Maine citizens with quality in-state jobs by deploying the financial resources needed to obtain relevant postsecondary education and increase economic development. Our products are designed to fit the unique needs of our customers. FAME was created to take risks necessary to give Maine people and businesses a chance to pursue their dreams, both business and educational.

Established in 1983 by then-Governor Joseph Brennan and the Maine Legislature, FAME's initial responsibilities were to help Maine businesses and the economy. FAME was the successor organization to the former Maine Guarantee Authority, the Small Business Loan Guarantee Authority, and the Veterans' Small Business Loan Guarantee Authority. It incorporated these former agencies that provided insurance on small business and veterans loans with the new responsibility of encouraging additional development of Maine's natural resources.

The new law initially called upon the newly-formed agency to participate in financing pertaining to the business and economic growth of the state. That included improving economic development strategies, policies, and activities as well as securing loans and funding for Maine businesses. FAME initially was empowered to insure loans and, through sale of tax-exempt industrial development bonds, to make loans. The agency has grown considerably over the years, however, and now administers a variety of programs related to higher education and college savings, as well. A board of directors appointed by the Governor is charged with oversight of

FAME, but day-to-day operations are managed by a professional, non-partisan staff dedicated to creating good-paying jobs and the necessary skills needed for them.

We work closely with the Executive and Legislative branches. Although FAME no longer receives an appropriation for our business services, we do receive an annual appropriation and allocation from the Fund for a Healthy Maine for our higher education finance programs. FAME is a quasi-independent agency with a specific statutory mission, but we also are flexible and evolving, adapting to the changing dynamics and needs of the Maine economy and Maine students. We must grow and adapt just as Maine's people and economy must do. Many of FAME's original products have adapted and evolved into better products. Along the way, FAME has realized that, with only a few flexible tools, we can find creative ways to use existing products to meet emerging needs.

Commercial Division: Helping to Retain and Grow Well-Paying Maine Jobs

The focus of FAME's Commercial Division is to help Maine businesses access capital to grow, expand, and flourish, creating new employment opportunities that will benefit the people and communities of our state. FAME is continually developing new programs and services to support Maine companies, be they traditional or emerging, in their efforts to start up, remain viable, expand, or compete more effectively in the global marketplace. We are proud of the diverse products and services we offer Maine businesses and believe they can meet virtually any Maine business needs.

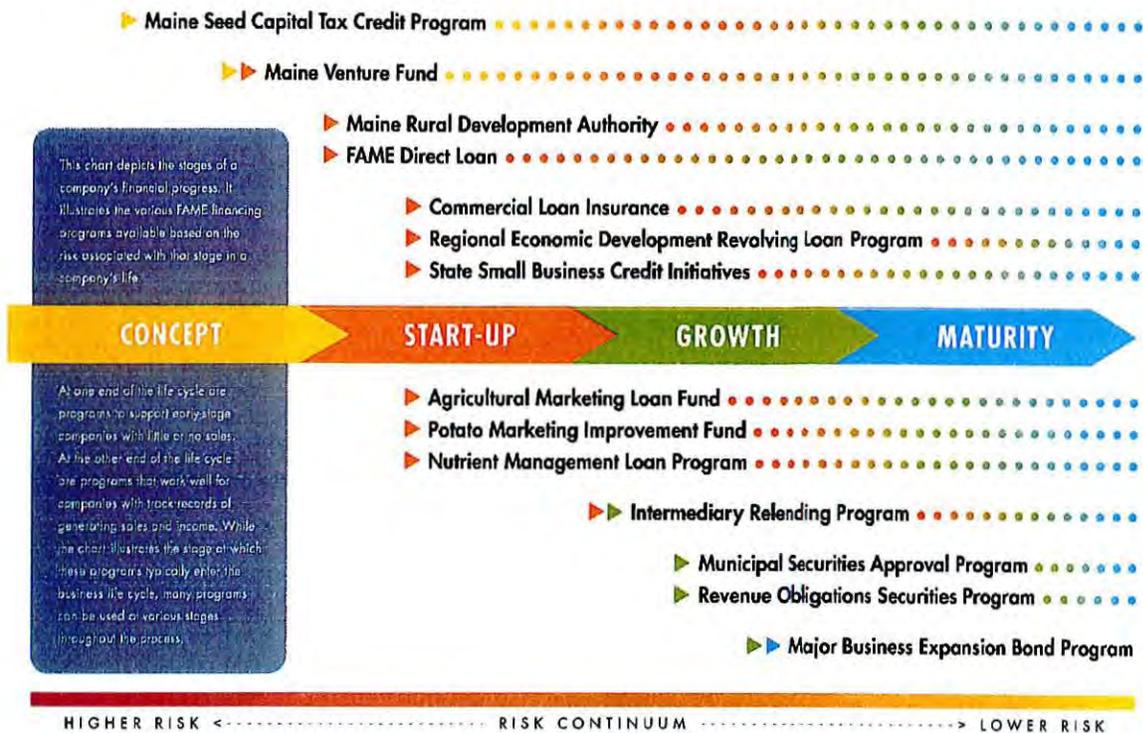
FAME works with businesses and lenders in every region of the state. Our programs and services are designed to complement, not compete with, existing private credit mechanisms (banks, credit unions, SBA, regional economic development agencies, etc.), as well as to fill funding need gaps. FAME's Commercial Division helps Maine's business community and overall economy meet their financial needs through efficient and effective credit enhancements, direct loans, equity capital, and in partnership with other economic development agencies. These financial tools are discussed in subsequent sections of this report. We regularly consult with Maine's community lending institutions for ideas regarding improving our existing services and/or creating new ones. We also have incorporated a continuing program called New Product Development and Launch (NPDL) through which we are planning for the future with new product offerings.

To better address all business needs in Maine, FAME has devised a simple model based on the relative risks presented at each stage in the life cycle of businesses. This "Risk Continuum" model (depicted below) explains how FAME programs, including those administered on behalf of other agencies, can best serve Maine businesses. It also underscores the need to develop and improve effective policies and programs to fill funding gaps along the continuum.

FAME Risk Continuum



Business Life Cycle



The above model provides a platform on which sources of capital may be logically presented and compared. It is used to describe the life stages of a company, sources and amounts of capital used to fund growth, and the relative risk of loss to investors at each stage of growth. Regardless of the size of the company, from a small business start-up to a significant, large employer in a mature industry, this continuum applies.

In general, very young businesses with no earnings and little if any sales cannot afford debt. They typically are funded by high-risk, “patient” capital from family, friends, or private investors (“angels”) who purchase stock or the rights to stock and seek an adequate, risk-adjusted return. When a business achieves sales and positive cash flow, it becomes a candidate for high-to-moderate-risk capital from angels, professional venture capital funds or specialized debt instruments. When a business becomes profitable (moves farther to the right along the continuum), it is a candidate for relatively low-risk commercial debt financing.

In recent years, FAME has made a concerted effort to develop policies and programs to help us better serve those companies on the riskier, left side of the continuum that have fewer opportunities to access traditional sources of commercial debt. FAME is committed to ensuring that the state’s resources are used most effectively for Maine businesses, and utilizes customer reviews and evaluations to improve its services to the citizens of Maine. FAME will continue to work closely with other departments and agencies, such as the Department of Economic and Community Development and the Department of Agriculture, Conservation and Forestry, to provide its expertise and assistance in commercial finance.

A Word About Loan Loss

FAME's insurance claims experience, a primary measure of risk taking, is higher under its Commercial Loan Insurance Program than losses typical for the private lending industry. Indeed, this is how it should be, since taking risks to help Maine businesses succeed was a large reason behind FAME's creation by the Legislature. Over the past almost thirty-five years, we have paid commercial loan insurance claims, net of recoveries, totaling \$29.6 million. During the past ten years, FAME has supported the issuance of \$549.1 million in business loans, with FAME commercial loan insurance exposure of \$303.5 million and paid insurance claims, net of recoveries, on such loans of \$8.4 million, or 2.8% in total. For FY 17, FAME net insurance claims paid represented 1.24% of insured commercial loans. By way of comparison, FDIC-insured institutions in Maine experienced net charge-offs of 0.22% on their commercial and industrial loan portfolios during calendar year 2016. FAME realized these loss rates even though it consistently approved the vast majority of loans presented for insurance by our lender partners. During FY 17, FAME approved over 80% of loan insurance applications received. Our direct loan program, the FAME Direct Loan, is designed to be a higher-risk program than our Commercial Loan Insurance Program. Since the direct loan program began in 1992, FAME has funded \$85.4 million in loans by using the total funding of \$18.5 million and then lending the revolving principal and interest payments. To date, FAME has written off \$12.6 million, or 14.7%, of the direct loans funded.

Education Division: Expanding Access to Higher Education

In 1989, the Maine Legislature directed FAME to expand our focus from purely business finance to include higher education finance. Responsibility for the full range of higher education finance programs, federal and state, was statutorily moved from the Department of Education to FAME's Education Division. FAME became the designated state guarantor for federal student loan programs, as well as the administrator of the state's grant, loan, and loan forgiveness programs.

As the longtime state guarantor of the Federal Family Education Loan Program (FFELP), which is winding down following action by Congress in 2009, FAME currently manages a portfolio of outstanding student loans in excess of \$386 million (down from \$1.1 billion in 2009). The loan guaranty FAME provides on these federal student loans is a form of insurance that repays a student's loans if the student is unable to do so. When a default claim is paid, FAME actively seeks collection of the past due loan from the student. As part of our responsibilities as the state's designated guarantor, FAME provides extensive education outreach surrounding financial aid and literacy, a special default aversion program for high-risk borrowers, and other services. We are proud to note that Maine's federal student loan default rates are consistently lower than the national average.

FAME also administers several state grant and loan programs that provide Maine students and families with more than \$18 million in student financial assistance annually. Chief among these is the Maine State Grant, the state's need-based grant program. Our outreach, customer service, and operations teams, comprised of former student financial aid officers and others with strong backgrounds in student financial assistance, are dedicated to providing these services as effectively as possible to Maine citizens. We actively work with Maine students and families of all ages, from birth to grandparenthood, to encourage college savings, college attendance and financing, and default aversion and financial literacy. We sponsor numerous financial aid information sessions throughout the state and work with lenders, high school

guidance counselors, colleges, students, parents, the Legislature, and many other stakeholders to meet the education financing needs of Maine students and families.

In 1998, the Legislature created the Maine College Savings Program, the state's official Section 529 college savings plan, and charged FAME with administering it. The NextGen College Investing Plan® is now the sixth-largest college savings plan in the nation, with over \$9.3 billion in assets (up from \$4.3 billion in 2009). The program provides a \$200 Initial Matching Grant to eligible Maine families when they open a NextGen account, as well as a fifty percent match of eligible contributions made to Maine accounts, up to a \$300 grant per calendar year per beneficiary. FAME further provides a one-time \$100 grant to Maine account owners who make six qualifying automatic contributions to their accounts directly from a bank account or via payroll deduction.

In 2008, thanks to the generosity of the late philanthropist Harold Alfond and the Alfond Scholarship Foundation, the Harold Alfond College Challenge was launched. This first-in-the-nation program, also administered by FAME, involves a \$500 gift to every Maine-born baby to use for future college savings purposes. Approximately 78,000 Maine babies have been enrolled in the program thus far, due in part to extensive outreach by FAME staff and our partners, especially the Alfond Scholarship Foundation.

FAME's College Access and Financial Education (CAFÉ) Team provides comprehensive college access and financial education services to students and schools throughout the state of Maine. FAME offers students, families, counselors and advisors a variety of college access, financial aid, financial education and education debt management services that support higher education aspirations and attainment in Maine.

Similar to how our commercial lending professionals make use of the Risk Continuum to address a particular business's needs, FAME's education team seeks to prudently adapt to student and workforce needs by providing evolving, helpful financial products to Maine students and families. For example, as you will see below, FAME recently launched a student loan consolidation and refinance product in partnership with Maine's community lenders. We also work closely with Maine's medical community to assess unmet needs. The Doctors for Maine's Future Medical Scholarship Program is designed to attract and retain primary care medical practitioners. Similarly, the Alfond Leaders Program is a newly launched, privately funded program administered by FAME on behalf of the Harold Alfond Foundation. This student debt reduction program provides loan repayment assistance to people who live and work in Maine in a Science, Technology, Engineering and Math (STEM)-designated occupation at a Maine-based employer. Alfond Leaders may qualify for loan repayment up to half of their outstanding student loan balance at the time of application to the program, not to exceed \$60,000. In September 2017, the Harold Alfond Foundation and FAME announced the first class of Alfond Leader awardees, who collectively will be awarded up to \$685,000 in student loan debt relief. A second application cycle also is being launched, with applications due by November 15, 2017.

Strategic Planning to Realize FAME's Mission

Like every good organization, FAME regularly engages in internal review and long-range planning to ensure that we're fulfilling our mission and adapting to the state's rapidly changing economic and educational needs. In recent years, we have undergone a comprehensive strategic planning process that has led to a host of positive changes and ideas. To aspiring Mainers, FAME is the expert financial resource that expands business and educational capabilities through our willingness to take greater risk based on public benefit. Our vision is to lead the creation of

good-paying jobs for Maine residents by working at the nexus of economic and workforce development. Our strategic plan supports this vision with a “push-pull” strategy whereby FAME will “push” the educational processes needed to develop Maine’s workforce and “pull” through economic development initiatives in order to create jobs for that workforce. These strategies are incorporated in our two strategic goals. FAME's first goal is to continuously improve customer satisfaction by deploying processes that help our employees perform to their highest potential. Our second goal is to grow the number of Maine residents with quality in-state jobs by deploying the financial resources needed to obtain relevant postsecondary education and increase economic development.

Compliance and Organizational Structure

The Finance Authority of Maine (FAME) is an equal opportunity employer. FAME adheres to a policy of non-discrimination in all employment actions, practices and conditions. Policies regarding recruitment, hiring, transfers, promotions, compensation, training, and other related benefits, as well as procedures for loan applications and approvals under FAME's various programs and related services, are administered without regard to race, color, religion, gender, ancestry or national origin, age, physical or mental disability, political affiliation, marital status, or sexual orientation. This policy of non-discrimination is published in our Employee Handbook, which is distributed to all employees. In addition, FAME is committed to compliance with the requirements of affirmative action and occupational health and safety legislation.

For the third year in a row, FAME has been named as one of the *Best Places to Work in Maine*. The awards program is a project of the Society for Human Resource Management–Maine State Council and Best Companies Group. This statewide survey and awards program was designed to identify, recognize and honor the best places of employment in Maine, benefiting the state's economy, its workforce and businesses. The two-part process to determine the *Best Places to Work in Maine* consists of: (1) evaluating each nominated company's workplace policies, practices, and demographics; and (2) conducting an employee survey to measure the employee experience.

FAME complies with the following federal and state laws and regulations, which concern civil rights and health and safety: Title VII of the Civil Rights Act, as amended; the Equal Pay Act of 1963; the Maine Human Rights Act; the Maine Code of Fair Practices and Affirmative Action; the Americans with Disabilities Act; the Family and Medical Leave Act of 1993; the Maine VDT Law; the Age Discrimination in Employment Act; the Occupational Safety and Health Act of 1970; and the Maine Workers' Compensation Act. In addition, FAME strives to comply with other related legislation, although strict compliance may not be required.

Affirmative Action

Hiring decisions for employees at all levels are made in accordance with the policy of non-discrimination and affirmative action expressed in FAME's Affirmative Action Plan. The Affirmative Action Plan is included in FAME's Employee Handbook. The primary criterion for filling available positions is to hire the most qualified individual from the pool of available applicants.

Merit increases and promotions are awarded to FAME employees based on productivity and quality performance, as well as budget resources. Selection and financial support for training, professional meetings, conferences and other related activities, and selection for leaves of absence to pursue training, are based on FAME's need and individual merit.

The Chief Executive Officer of FAME has designated an Affirmative Action Officer to ensure implementation of the Affirmative Action Plan. Other responsibilities of the Affirmative Action Officer are to:

- Enlist the support of directors and supervisors responsible for personnel actions;
- Review personnel actions, excluding salaries and promotions, to determine whether they are in accordance with the Affirmative Action Plan. The Chief Executive Officer retains responsibility for assuring that decisions on salary and promotion are in accordance with the affirmative action plan;
- Refer grievances to the Chief Executive Officer, as necessary;
- Maintain a flow of accurate information about recruiting and employment in general and with particular regard to minority persons, women, and individuals with disabilities;
- Update the Affirmative Action Plan annually and make it public;
- Take training courses to give the officer necessary background for effective discharge of duties;
- Function as a grievance officer and perform the following additional duties:
 - Provide confidential and unbiased consultation to employees on grievances, which may involve gender or minority discrimination;
 - Act as mediator with the Chief Executive Officer in cases where a solution is not forthcoming;
 - Draw upon state, federal and other sources for advice and support on grievances;
 - Receive training in grievance procedures and in laws against discrimination.

Americans with Disabilities Act

FAME has established a procedure to process requests for reasonable accommodations and a grievance procedure to handle complaints by any person who believes that he or she has been discriminated against or harassed as a result of the person's disability in violation of the Americans with Disabilities Act.

Accessibility Policy for Individuals with Disabilities

Accessibility to FAME facilities for individuals with disabilities is reviewed annually. FAME's existing facilities, including exterior, space allowances, and accessible routes, have been created or modified to accommodate individuals with disabilities. FAME's office includes the following accessible facilities:

- Parking lot with handicap parking and van accessibility;
- Ground-level entrance and elevator handicap accessible entrances;
- Power door openers;
- Handicap-accessible bathrooms;
- Handicap accessibility throughout the FAME office.

FAME uses accepted hiring procedures with regard to individuals with disabilities as set forth in the Employment Regulations of the Maine Human Rights Commission, Section 3.08(E).

FAME makes reasonable accommodations to the known physical or mental health needs of qualified employees with disabilities, unless an accommodation would impose an undue hardship on FAME's operation, as allowed by law. We take this matter seriously. FAME helps to administer one program, the Kim Wallace Adaptive Equipment Loan Program, or mPower, which is specifically designed to assist individuals with disabilities with financing needed to become independent and productive members of society.

Sexual Harassment

FAME has established a policy against sexual harassment, which defines sexual harassment, prohibits it, and provides a process for filing a complaint. This policy is contained in the Employee Handbook.

Health and Safety

FAME has a sincere concern for the health and safety of its employees. As an employer, FAME strives to provide the safest possible working conditions for employees. Accordingly, FAME has created an Occupational Health and Safety Program.

The program is directed through a Safety Committee with appointed members who coordinate and guide the overall program. This committee has established means for accident reporting and investigation, work-site inspections, health and safety education, and injury management and training. The accident investigation procedure is contained in the Employee Handbook. FAME has experienced zero workplace accidents in the last six years.

FAME is committed to providing safe working conditions, encouraging safe work practices and preparing employees to work safely. FAME realizes that the success of any accident prevention effort depends primarily on the cooperation and active support of everyone. All employees are expected to comply with the requirements of the program. The program is designed to provide a physical environment that is as hazard -free as possible and to manage staff activities to reduce the risks of human injury.

An Emergency Preparedness and Response document has been created and distributed to all employees and made a part of the Employee Handbook.

Safety and security equipment are serviced and tested regularly. Fire extinguishers in the building are serviced annually. They were last serviced on September 12, 2017. The fire alarm system is tested and inspected annually. Sprinklers are tested quarterly. The elevator maintenance is also performed annually, and the current certificate is valid through November 30, 2017. The security system at FAME is serviced annually.

FAME staff is trained in workplace safety and ergonomics as part of their new hire orientation. This training includes video display training (VDT). In addition to new hire training, all employees receive annual VDT updating.

Material Safety Data Sheets for hazardous materials included in computer printer toner, photocopier toner, and fax machine toner are available for review by all employees.

Notices and Postings

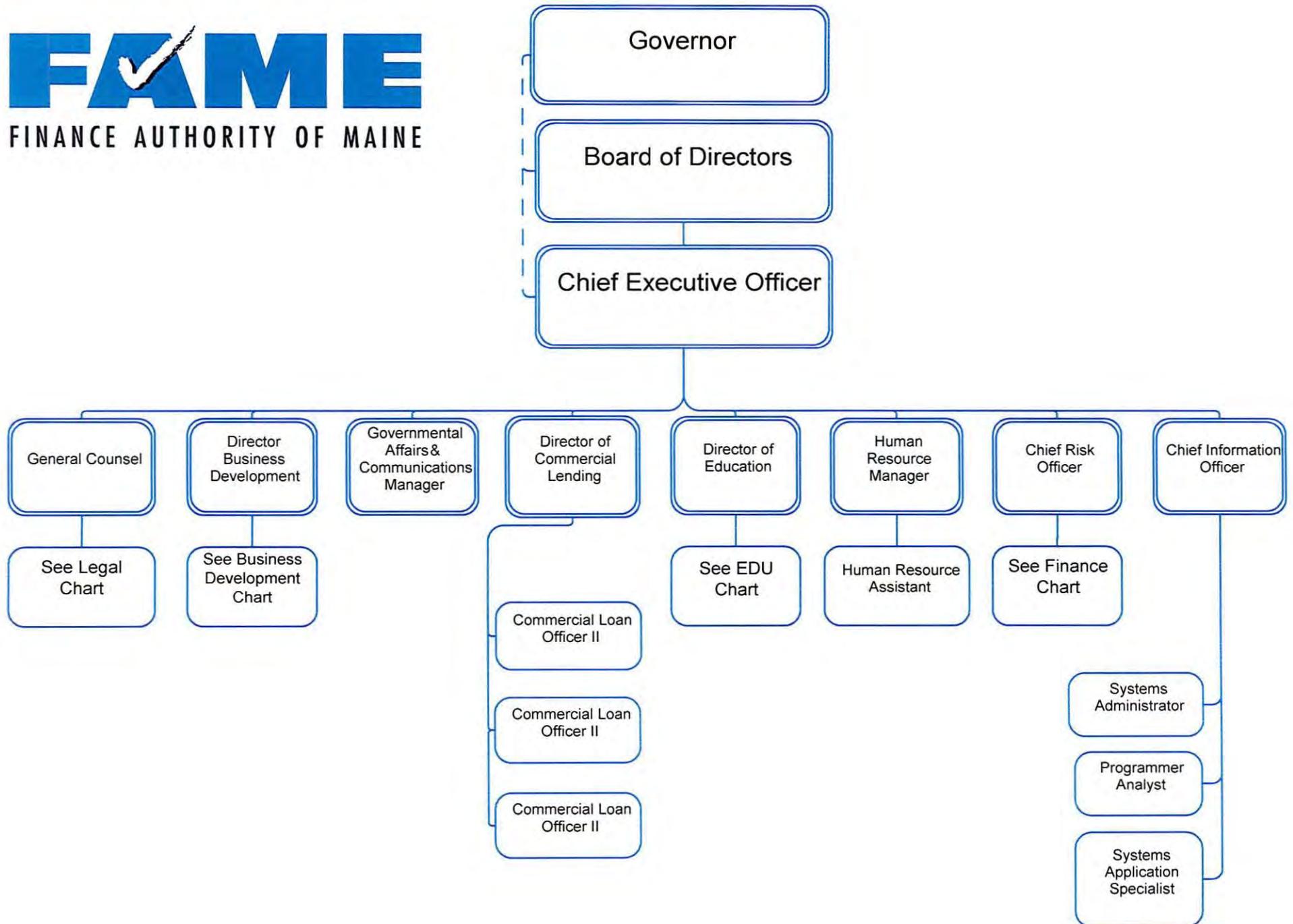
The FAME Employee Handbook is provided to all employees upon hire. Updates are distributed periodically to all employees as needed. The Handbook includes a non-discrimination statement, as well as the following policies related to health and safety, ADA, OSHA, affirmative action, workers' compensation compliance and other matters:

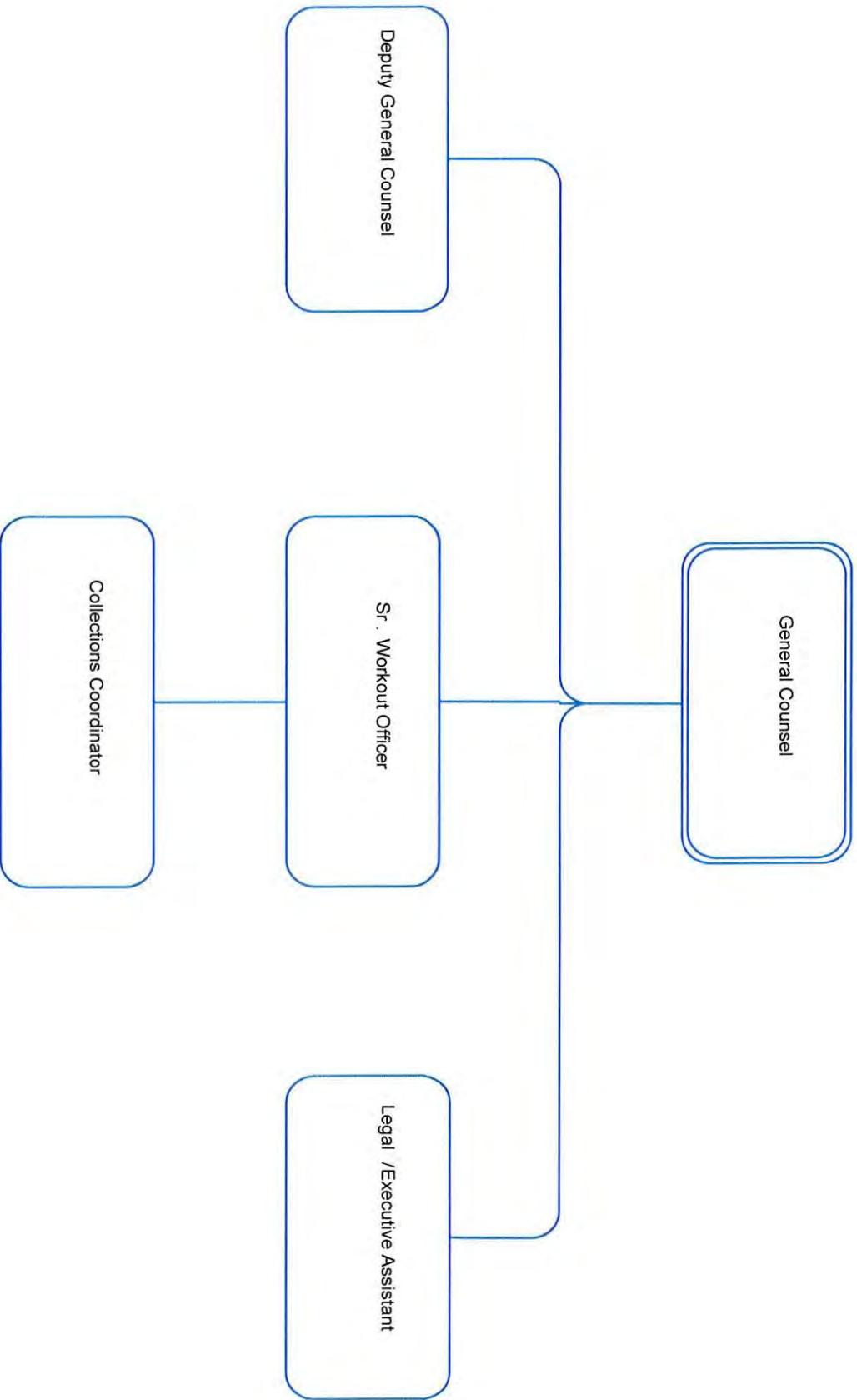
- Affirmative Action Policy Statement
- Employees with Disabilities
- Flexible Work Schedules
- Smoking
- Gift Policy
- Telecommuting
- Lactation Accommodation
- Family Medical Leave Act
- Military Leave
- Social Security
- Workers' Compensation
- Domestic Violence (Section 4.21)
- Employee Safety Policy Statement
- Blood-Borne Pathogens
- Emergency Preparedness
- Consumer Privacy
- Drug-free Workplace
- Information Technology

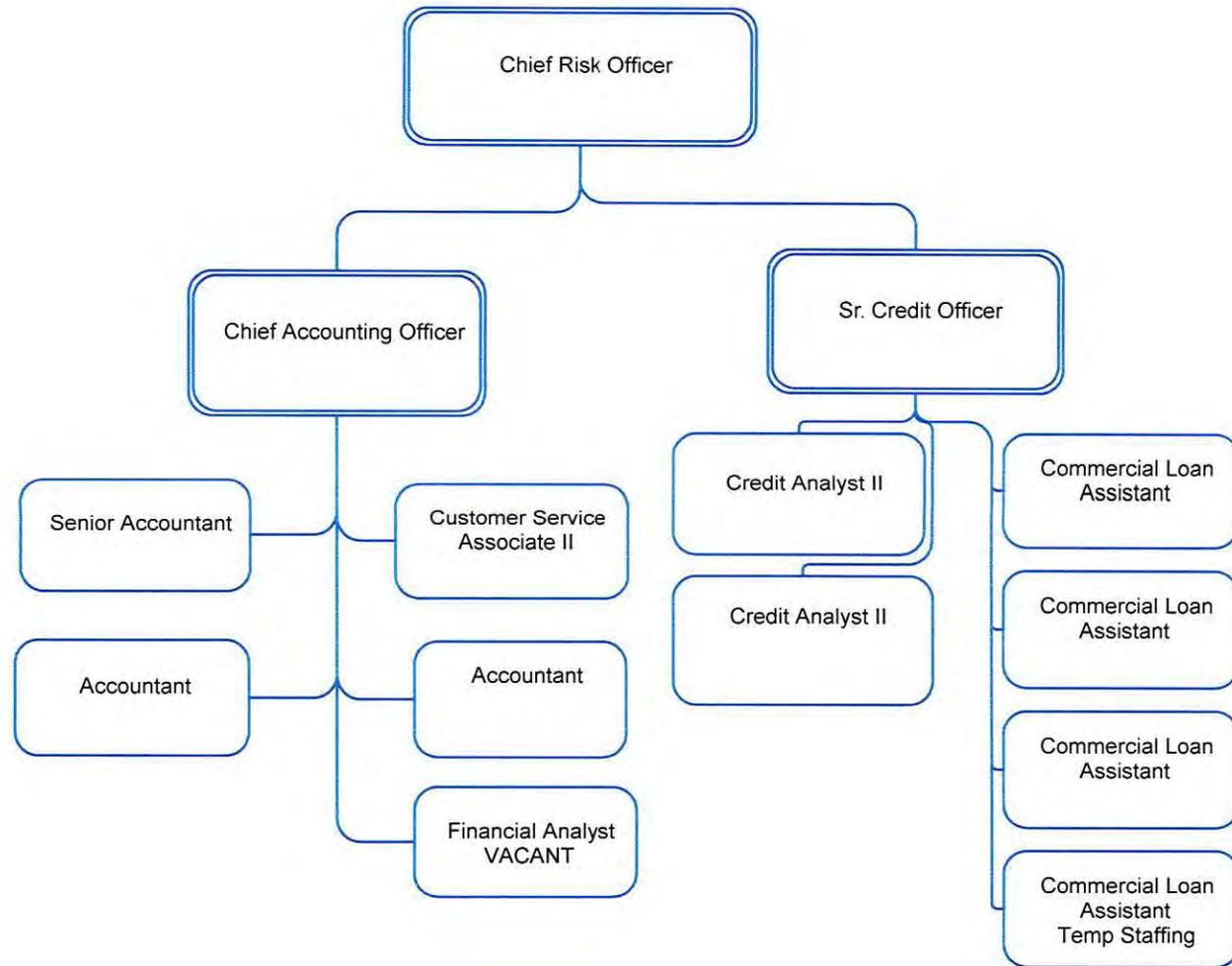
The following compliance notices are posted on FAME's kitchen/break-room bulletin board, which is accessible to all employees:

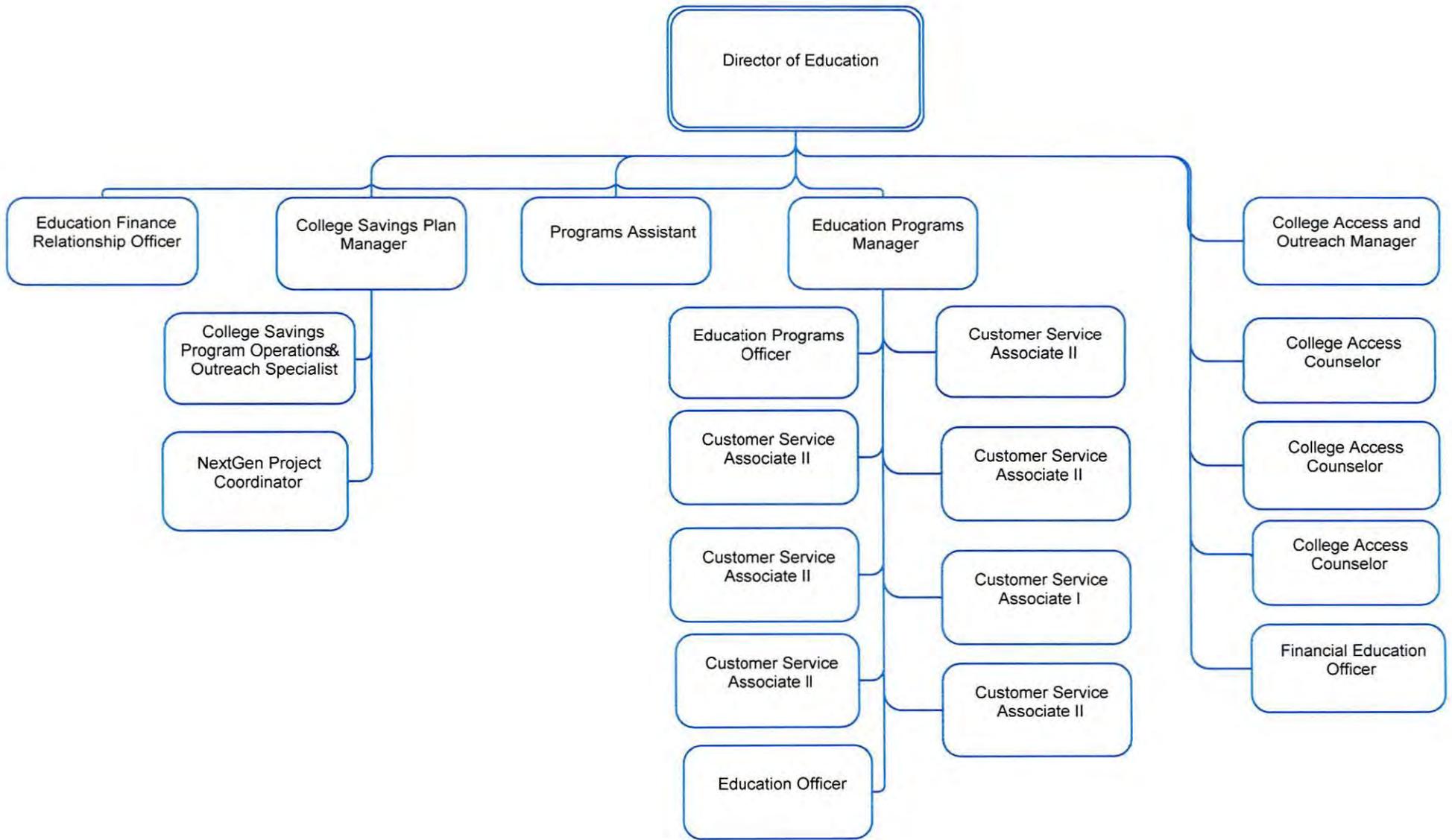
- Workers' Compensation
- Equal Employment Opportunity
- OSHA Job Safety & Health Protection
- Family and Medical Leave Act of 1993
- Sexual Discrimination
- Employee Rights Under the National Labor Relations Act
- Employee Rights Under the Fair Labor Standards Act
- Employee Rights Under the Family Medical Leave Act
- Employee Polygraph Protection Act
- Maine Department of Labor Minimum Wage Requirements
- Whistleblower's Protection Act

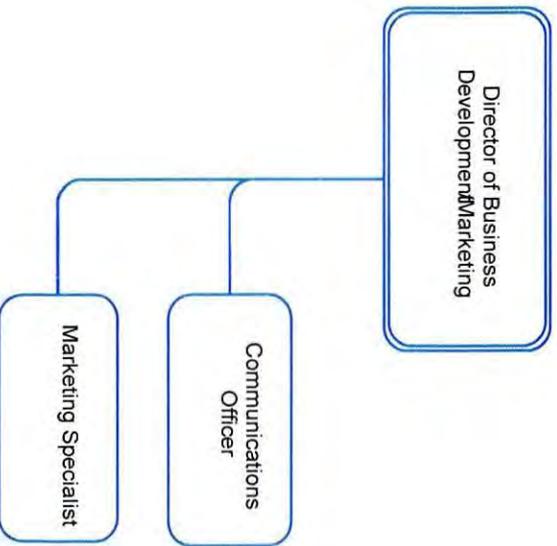
- Notice Relative to the Regulation of Employment
- Child labor laws
- Full and Part-Time Workers
- Safe Work for Computer Operators
- Maine Programs of the Maine Center to End Domestic Violence













Positions 2017

Full Time Staff: 51

Part Time Staff: 2

Department	Job Title	Number of Staff
Executive	CEO	1
Executive	General Counsel	1
Executive	CIO	1
Executive	Chief Risk Officer	1
Executive	Director of Education	1
Executive	Human Resource Manager	1
Executive	Director of Business Development & Marketing	1
Executive	Director of Commercial Lending	1
Executive	Governmental Affairs & Communications Manager	1
		9
Marketing	Communications Officer	1
Marketing	Marketing Specialist	1
		2
Education	Education Finance Relationship Officer	1
Education	Education Programs Manager	1
Education	College Savings Plan Manager	1
Education	College Access Outreach Manager	1
Education	Financial Education Specialist	1
Education	Programs Education Officer	1
Education	Education Services Officer	1
Education	Customer Service Specialist	1

Education	College Access Counselor	3
Education	HACC Project Leader	1
Education	Customer Service Associate I	1
Education	Customer Service Associate II	4
Education	College Savings Program Outreach & Outreach Specialist	1
Education	NextGen Project Coordinator	1
Education	Programs Assistant	1
		20
Legal	Deputy General Counsel	1
Legal	Sr. Workout Officer	1
Legal	Collections Coordinator	1
Legal	Legal/Executive Assistant	1
		4
Finance	Chief Accounting Officer	1
Finance	Sr. Accountant	1
Finance	Accountant	2
Finance	Customer Service Associate II	1
		5
Credit	Sr. Credit Officer	1
Credit	Credit Analyst II	2
Credit	Commercial Loan Assistant	3
		6
Lending	Commercial Loan Officer II	3
		3
IT	Application Systems Analyst	2
IT	Systems Administrator	1
		3
HR	HR Assistant	1

Statutes Summary

Title 10, Chapter 110: Finance Authority of Maine

As noted above, the Finance Authority of Maine Act, enacted in 1983, combined the functions previously provided by the Maine Guarantee Authority, the Maine Small Business Loan Authority, and the Maine Veterans Small Business Loan Authority into a single, quasi-independent agency, the Finance Authority of Maine or FAME.

In 1989, the FAME Act was amended to authorize FAME's administration of higher education finance programs. These provisions are found in Title 20-A, Chapters 417 through 430-B (with the exception of Chapters 417-A and 418). The below summary includes items under the FAME Act, including items incorporated into the Act from Title 20-A, as well as summaries of other programs administered by FAME.

Subchapter 1: Finance Authority of Maine Act

Purpose: The Finance Authority of Maine was established to, among other things, fulfill the statewide need to provide gainful employment for the people of Maine, to ensure the preservation and betterment of the economy, to ensure the preservation and betterment of the living standards and health of the inhabitants and environment of the state, to stimulate a larger flow of private investment funds from banks and other financial institutions, to help finance projects, and to increase the access of smaller businesses and veterans to financing at reasonable terms and rates. FAME is authorized to fulfill these powers by:

- Issuing revenue obligation securities;
- Providing interest rate subsidies on commercial loans;
- Assisting municipalities to issue revenue obligation securities;
- Encouraging the making of loans to small businesses, including veteran-owned small businesses;
- Providing natural resource financing; and
- Providing and administering a comprehensive, consolidated system of student financial assistance programs.

Organization: FAME may create as many divisions as may be necessary to perform its duties. Current divisions include:

- Commercial;
- Credit;
- Finance and Operations;
- Education; and
- Legal.

The FAME Board is composed of fifteen members, twelve of whom are appointed by the Governor and subject to review by the LCRED Committee and confirmation by the Maine Senate. The remaining three members are *ex officio* as follows:

- Commissioner of Economic and Community Development
- A Natural Resources Commissioner, and
- Treasurer of State.

The twelve at-large members must include:

- A certified public accountant;
- An attorney;
- A commercial banker;
- An individual with knowledge of student financial assistance;
- An individual with knowledge in the field of higher education;
- Two veterans;
- Two individuals with knowledge in the field of natural resources enterprises;

Members may serve for two, four-year terms. Board members are indemnified by FAME for actions taken within the course and scope of that individual's membership on the Board. Members elect a chair, a vice-chair, and a secretary.

Seven members constitute a quorum. The affirmative votes of the greater of five members or a majority of those present is necessary to take action.

Statutory powers granted FAME include:

- Borrow money or otherwise obtain credit;
- Lend money or otherwise extend credit;
- Exercise all powers of a lender or creditor;
- Provide grants or interest rate subsidies on commercial loans to businesses;
- Provide or participate in interest rate cap agreements or other agreements providing protection against interest rate fluctuations;
- Insure the performance of any loan;
- Acquire, use, and/or dispose of any interest in real or personal property;
- Purchase, sell, or otherwise deal, acquire, or transfer any mortgage loan or other mortgage backed or mortgage related security;
- Obtain, develop, or disseminate any information useful for carrying out any of its purposes;
- Establish and implement a program to assist the growth of businesses within the state by matching businesses seeking investment capital with investors seeking investment opportunities;
- Procure insurance in aid of any of its corporate purposes;
- Cause any of its powers or duties to be carried out by one or more non-profit organizations exempt from taxation under the Internal Revenue Code;
- Obtain any certification, warranty, affidavit, or other representation necessary or useful for carrying out its purposes and duties;
- Employ persons, including private legal counsel;
- Sue or be sued;
- Maintain an office in the state;
- Adopt any rule necessary or useful for carrying out any of its powers or duties;
- Receive and accept appropriations, loans, grants, and contributions;
- Invest funds received from any source;
- Expend interest earnings as appropriate for program and administrative costs;
- Make, modify, and carry out any agreement; and
- Any act or thing necessary or useful for carrying out any of its powers or duties.

Chief Executive Officer: The Chief Executive Officer is appointed by the Governor, subject to review and confirmation by the Legislature (the Joint Standing Committee on Labor, Commerce, Research and Economic Development, as well as the Senate). The Chief Executive

Officer serves a four-year term and supervises administrative affairs and technical activities of the Authority. The Chief Executive Officer is authorized to:

- Employ professional and nonprofessional personnel;
- Approve all operating expenses of the Authority;
- Maintain a liaison with other state agencies; and
- Perform duties directed by Board members.

Conflicts of Interest: Members and staff of FAME are deemed "executive employees" for purposes of conflict of interest laws. We are not state employees per se.

Annual Reports: FAME must submit various reports, including financials, of its activities to the Legislature, the Governor, and the State Treasurer.

Confidentiality: Proprietary information, certain financial information submitted by businesses or individuals, personal financial statements or tax returns, assessments provided by others, including lenders requesting loan insurance, marketing plans, and records developed by FAME in reviewing such materials are considered confidential.

Allocation of Federal Bond Ceiling: FAME is authorized to establish an allocation formula for that portion of the federal state ceiling allocated to it. This annual bond cap bill comes before the LCRED Committee on behalf of FAME and other state issuers of private activity bonds (MaineHousing, the State Treasurer, and the Maine Municipal Bond Bank).

Subchapter 1-A: Natural Resources Financing and Marketing Programs

Purpose: To work with existing public and private institutions to promote the development of natural resources by making available adequate marketing and technical assistance, as well as adequate financing opportunities by:

- Relieving existing conditions that represent difficulties in natural resource enterprise financing and development;
- Maintaining a land and water base necessary to the production of natural resource products of the state to secure adequate food and fiber to the people of the state;
- Encouraging the adding of value to agricultural, forestry, and fisheries products;
- Coordinating, improving, and expanding the marketing of processed and manufactured natural resources products;
- Expanding opportunities for employment in farming, fishing, and forestry;
- Encouraging the investment of private capital in the natural resources sector;
- Providing a central source for credit information and financial management to farmers, fishermen, and foresters.

Subchapter 1-C: Natural Disaster Business Assistance

- A Natural Disaster Business Assistance Fund is established (but not funded);
- Maine Natural Disaster Business Assistance Program established for the purpose of providing assistance to businesses that are victims of natural disasters which have caused the state or portions of the state to be declared disaster areas by the President of the United States or his authorized representative. To be eligible, an applicant must demonstrate that it has suffered serious financial hardship as a direct result of a natural disaster; have insufficient access to federal or other disaster funds or other financial

assistance on a timely basis other than pursuant to this program; and must be a business enterprise operated for profit.

Subchapter 1-D: Student Financial Assistance Program

Program Established: Authorizes FAME to administer a program of comprehensive, consolidated student financial assistance for Maine students and their families to finance the cost of attendance at institutions of higher education, including authorization to issue bonds and lend the proceeds of bonds. Active programs administered by FAME include:

- Maine State Grant Program
- Educators for Maine Program
- Maine Health Professions Loan Program
- Loan insurance programs such as Stafford Loans, PLUS Loans
- Tuition waiver program
- Financial aid counseling and outreach
- Higher Education Loan Program (SLI/RSLI)
- Maine College Savings Program (NextGen College Investing Plan®)
- Maine Dental Education Loan and Loan Repayment Programs
- Doctors for Maine's Future Scholarship Program

Loan Insurance Program: Establishes FAME as the state guarantor for the federal Guaranteed Student Loan Program, including establishment of the Loan Insurance Fund and authority to issue bonds to support the Loan Insurance Fund.

Subchapter 1-E: Nursing Education

Nursing Education Loan Repayment Program: Established to increase the number of nursing faculty in Maine nursing education programs. It remains unfunded by the Legislature, however. FAME would repay the loans of selected applicants up to \$4,500 for those with master's degrees and up to \$6,000 for those with doctoral degrees.

Subchapter 1-F: Waste Motor Oil Disposal Site Remediation Program

Waste Motor Oil Revenue Fund: Establishes this non-lapsing, revolving fund at FAME. Money in the fund must be applied to the payment of principal of, interest on, redemption premiums on or other costs of revenue obligation securities (bonds) issued by FAME to help pay for the clean-up of certain waste motor oil sites across the state.

Waste motor oil disposal site remediation program: From time to time, FAME shall ascertain from the Department of Environmental Protection, the United States Environmental Protection Agency or the responsible parties, as applicable, the final remedy selection and response costs for each waste motor oil disposal site. FAME then shall make payments to the appropriate entities.

Status reports: Reports related to the program must be submitted to the Joint Standing Committee on the Environment and Natural Resources. FAME, the DEP, and the State Tax Assessor shall provide reports on annual or bi-annual bases.

Motor vehicle oil premium reimbursement: Eligible oil dealers shall submit claims for reimbursement of eligible premiums on certain motor vehicle oil sold by dealers to the State Tax Assessor by a specified date. The State Tax Assessor shall provide reimbursement to eligible dealers by a certain

date. Priority shall be given to the oldest unreimbursed eligible premiums in succession until all eligible premiums have been reimbursed.

Subchapter 2: Mortgage Insurance Programs

Credit of State Pledged: The full faith and credit of the state is pledged to insure the payment of mortgage loans by FAME.

Mortgage Insurance Fund: A non-lapsing revolving fund established to pay the expenses of the Authority and to which premiums and other fees and reimbursements may be credited.

Loan Insurance Reserve Fund: A non-lapsing revolving fund to be used for security for payment of principal and interest of revenue obligations securities.

Other Specific Insurance Funds Established:

- Underground Oil Storage Replacement Fund;
- Waste Reduction and Recycling Loan Fund;
- Economic Recovery Program Fund;
- Agricultural Marketing Loan Fund;
- Potato Marketing Improvement Fund;
- Dairy Improvement Fund;
- Capital Access Program;
- Regional Economic Development Revolving Loan Program;
- Maine Economic Development Venture Capital Revolving Investment Program;
- Early Care Education Revolving Loan Program;
- Innovation Finance Program; and
- Maine Capital Investment Program

Obligation of the State: In the event that amounts in the above-listed funds are insufficient to meet the demands on FAME, the faith and credit of the state is pledged to meet such demands in an amount up to \$90,000,000 for insured business loans generally, and up to \$4,000,000 for insured loans to veterans.

Safeguarding the Mortgage Insurance Fund: FAME is authorized to acquire and dispose of property of any eligible project.

Other Insurance: In addition to the insurance described above, FAME may provide loan insurance for each of the following types of projects:

- Loans to veterans;
- Underground and above-ground oil storage facility projects and projects related to the installation of equipment related to the improvement of air quality for gasoline service station vapor control and petroleum liquids transfer vapor recovery;
- Mortgage insurance for overboard discharge replacement projects;
- Clean fuel vehicle projects;
- Waste oil disposal site clean-up projects

Direct Lending Programs:

- Economic Recovery Loan Program (ERLP) (now marketed as FAME Direct Loan): Provides loans up to \$1 million (can be increased to \$2 million with additional state funding) for businesses with insufficient access to credit, but demonstrating the ability to survive, preserve and create jobs, and to repay the obligations.
- Capital Access Program: Established for benefit of participating banks [unfunded].
- Regional Economic Development Revolving Loan Program (REDRLP): Provides loans to regional economic development agencies, which re-lend funds up to a maximum of \$350,000 to borrowers with fifty or fewer employees or annual sales of \$5,000,000 or less. Businesses eligible include those that have sales under \$10,000,000 or employ 100 or fewer employees, and conduct business in the following categories: advanced manufacturing technologies; advanced information systems; advanced biological/natural resource technologies; conversion from defense industry; significant export involvement (goods or services); significant research and development; micro-businesses (under 10 employees); quality child care projects; businesses significantly engaged in commercial and/or mixed-use real estate and/or community facilities development; and businesses significantly engaged in serving tourists, such as outdoor recreation, culture, heritage and hospitality.
- The Maine Economic Development Venture Capital Revolving Investment Program (VRIP): Authorizes FAME to invest funds in professionally managed venture capital funds that invest in early stage Maine businesses.

Other Insurance Programs:

- Early care and education revolving loan program: The program provides loans to early care and education providers, as well as economic development corporations, to be used for loans for early care and education providers. Loans may not exceed \$100,000. [unfunded]

Mortgage insurance generally: FAME may charge a mortgage insurance premium of up to 2% on any of its insurance products. Delivery of a mortgage insurance contract is conclusive evidence of the eligibility of a project.

Moral Obligation: FAME may establish capital reserve funds of up to \$150,000,000 secured by the moral obligation of the state.

Subchapter 2-B: Social Work Education Loan Repayment Program

Although never funded or operated, the Social Work Education Loan Repayment Program has been established for the purpose of increasing the number of social workers practicing in the state. Participants must be licensed social workers in Maine; have completed a bachelor's, master's or doctoral degree in social work from an accredited school of social work within three years prior to the date the applicant's application is received by FAME; possess an outstanding education loan relating to the degree; and practice in an underserved practice area. Under the program, FAME would repay the loans of up to three applicants per year in an amount up to \$5,000.

Subchapter 3: Revenue Obligation Securities Program

Revenue Obligation Securities Program: FAME is authorized to issue bonds for various eligible projects, including manufacturing projects, industrial projects, recycling and waste reduction projects, electric generation projects, and workers compensation residual market mechanism projects. FAME may not issue bonds for any housing that is eligible for financing by MaineHousing. Prior to issuing any tax-exempt bonds, FAME must hold a public hearing to determine that the proposed project will not have a competitive detriment or adverse economic impact on existing businesses or the environment. These bonds are issued by FAME on behalf of a company without credit enhancements provided by FAME.

Moral Obligation Bonds: FAME may issue up to \$912,000,000 of taxable or tax-exempt bonds secured by the moral obligation of the state for the following purposes:

- Electric rate stabilization projects (up to \$180,000,000) (sunsetting);
- Major business expansion projects (up to \$120,000,000);
- Workers' compensation residual market mechanism projects (up to \$57,000,000);
- All other projects (up to \$150,000,000);
- Paper industry job retention projects (up to \$120,000,000);
- Transmission facility projects (up to \$100,000,000); and
- Capital reserve funds for revenue obligations securities (up to \$35,000,000).

Waste Facilities, Waste Disposal Services, or Recycling Projects: FAME may issue bonds for waste facilities, waste disposal services such as the Plymouth Waste Oil Clean-up Program, or recycling projects.

Subchapter 4: Municipal Securities Approval Program

FAME must approve and allocate a tax-exempt bond cap for tax-exempt bonds issued by municipalities for the benefit of manufacturers. FAME is required to hold a hearing to determine that the issuance of the bonds will not have a detrimental effect on competing businesses or an adverse economic effect on competing businesses.

Subchapter 4-A: Family Development Account Program

FAME provides administrative oversight to the Family Development Account program, which encourages low-income individuals to open savings accounts as means of investing in the future. Community development organizations administer the accounts and provide education on savings and budgeting for participating individuals. Account proceeds must be matched by the community development organization, and must be used for education or job training; the purchase or repair of a home that is the person's principal residence; purchase or repair a vehicle used as transportation to work or to attend an education or training program; expenses for an emergency that may cause the loss of shelter, employment, or other basic necessities; capital to start a small business; or health care costs exceeding \$500 not covered by private insurance.

Subchapter 5-A: Waste Oil Furnace Loan Program

FAME is authorized to provide interest rate subsidies to banks providing loans to companies to install furnaces that burn waste oil. There are currently no funds available for this program.

Subchapter 7: Maine Job-Start Program

At its inception, FAME contracted with three community action agencies to provide micro-loans of up to \$10,000 for businesses within the service area of the community action agency. The loans were then held by FAME and administered in part by the community action agency. Currently, all loan notes and revolving funds have been assigned to the participating community action agencies, which currently run the program with little involvement by FAME.

Subchapter 9: Maine Seed Capital Tax Credit Program

To encourage the increased availability of risk equity capital, FAME is authorized to issue tax credits in an amount up to 50% to an individual taxpayer who makes an investment in qualified small businesses in Maine. Total program credits available per year capped at \$5 million. Investments may be used for fixed assets, research or working capital. Eligibility criteria include: Business must be located in Maine; investor must own less than 50% of the business; principal owners and their immediate relatives are not eligible; annual gross sales of less than \$5 million; business must either: (1) be a manufacturer; (2) provide goods or services with 60% of sales derived from outside the state or to out-of-state residents; (3) develop or apply advanced technologies; (4) be a value-added natural resource enterprise; or (5) be certified as a visual media production company.

Subchapter 12: Maine New Markets Capital Investment Program

The program is designed to attract investment capital to low-income communities by allowing investors to receive a state tax credit on equity investments they make in Community Development Entities (CDE). The program is modeled after the federal New Markets Tax Credit Program. In order to be eligible to participate in the program, a CDE must be certified as a qualified Community Development Entity by the Secretary of the United States Treasury, and be a party to an existing allocation agreement with the Department of Treasury's Community Financial Institution (CDFI) Fund that is in effect and not subject to revocation or cancellation. The allocation agreement must have Maine in its service area. In addition, the CDE must be able to answer four of the following five questions affirmatively:

- Has the CDFI Fund been awarded multiple rounds of federal New Markets Tax Credit allocation to the CDE, its controlling entity or other entity controlled by the same controlling entity?
- Has the CDE, its controlling entity or other entity controlled by the same controlling entity, participated as a qualified community development entity in a state New Markets Tax Credit program or made an investment in this state that qualifies for federal New Markets Tax Credits?
- Has the CDE, its controlling entity or other entity controlled by the same controlling entity, made an investment qualified for tax credits in a business located in a nonmetropolitan census tract?
- Has the CDE, its controlling entity or other entity controlled by the same controlling entity, made an investment qualified for tax credits in a state where it did not previously have substantial operations?
- Has the CDE, its controlling entity or other entity controlled by the same controlling entity, explored potential investment opportunities in Maine that would qualify for credits under the program?

Basic Terms:

- A CDE may seek an allocation of tax credit authority, reserving tax credit eligibility for later qualified equity investments, by filing an allocation application with FAME.
- An approved allocation of tax credit authority shall be valid for up to two years.
- Upon receipt of qualified equity investments under the approved allocation, and reinvestment in a qualified active low-income community business for use in a low-income community in the state, the CDE must file a certification application with FAME providing the details of the transaction.
- FAME will review the certification application to determine if the qualified equity investment is eligible for program tax credits, and if approved provides notice to the CDE and to Maine Revenue Services of the persons eligible for credits and the amount thereof. Maximum eligible investment per qualified active low-income community business is \$40,000,000.
- Eligible tax credit recipients may receive refundable state income tax credits of up to 39% of their eligible investment, which may be taken in increments over seven years (0%, 0%, 7%, 8%, 8%, 8%, 8%).

Chapter 1003: Northern Maine Transmission Corporation

The Northern Maine Transmission Corporation, established as a body corporate and politic and an instrumentality of the state, is managed as a subsidiary of FAME. Its purpose is to examine the need for and viability of, and to finance, permit, construct, own, and operate, electric transmission lines necessary to connect electric utilities in the northern regions of the state with the transmission grid of the United States. FAME provides all staffing for the corporation, which has a seven-member Board of Directors, including the FAME Chief Executive Officer, the Treasurer of State, and five members appointed by the Governor. The corporation may exercise all powers of a non-profit corporation.

Title 10, Chapter 11: Kim Wallace Adaptive Equipment Loan Program

The Kim Wallace Adaptive Equipment Loan Program Fund, d/b/a mPower, is a revolving loan fund administered by FAME. Currently, the program provides individuals and businesses with flexible term loans up to \$100,000. This program provides assistance to individuals and businesses for the purchase, construction or installation of any product or equipment that allows an individual to become more independent within the community; provides mobility; promotes productivity; or improves quality of life. Businesses may use loan funds to facilitate compliance with the Americans with Disabilities Act (ADA). The Kim Wallace Adaptive Equipment Loan Program Fund Board, a nine-member entity appointed by the Governor, contracts with FAME to provide administrative and financial services to the board.

Title 5, Chapter 7, § 135: Linked Investment Programs

Agriculture:

The Treasurer of State may deposit up to \$4 million in each calendar year with financial institutions to provide an interest rate reduction of up to 2% per year to agricultural enterprises located within the state obtaining loans from those financial institutions. FAME provides assistance to the Treasurer in determining eligible agricultural enterprises and eligible loans for the program.

Commercial Enterprises:

The Treasurer of State may deposit an amount not to exceed \$4 million in each calendar year with financial institutions to provide an interest rate subsidy of up to 2% below the rate of return generally available to commercial enterprises with twenty or fewer employees or annual sales of less than \$2,500,000, and whose sales, products, or services are primarily for out-of-state or are manufacturers. There must be at least one job created or retained per \$20,000 of deposited funds. The maximum loan amount to which this may be applied is \$200,000. FAME assists the Treasurer in determining businesses and loans eligible for this interest rate subsidy.

Title 7, Chapter 101, Subchapter 1-D and Title 10, Chapter 110, Subchapter 2, Section 1023-J: Agricultural Marketing Loan Fund

In conjunction with the Department of Agriculture, Conservation, and Forestry, FAME administers the Agricultural Marketing Loan Fund, which provides low-interest financing to help eligible businesses employ new and innovative technologies and processes to improve, expand, and enhance the manufacturing, marketability, and production of Maine-made agricultural products. Currently, the program provides 5 percent fixed-rate loans to natural resource-based businesses that employ new and innovative technologies and processes in order to improve, expand, and enhance the manufacturing, marketability, and production of Maine-made agricultural products. Funds may be used for the design, construction or improvement of facilities such as commodity storage buildings and packing and marketing facilities. Funds may also be used to purchase or retrofit machinery and equipment.

Title 7, Subchapter I-A and Title 10, Chapter 110, Subchapter 2: Potato Marketing Improvement Fund

FAME also partners with the Department of Agriculture, Conservation, and Forestry to implement the Potato Marketing Improvement Fund, providing subordinate loans to help potato growers and packers improve the quality and marketing of Maine potatoes. Currently, the program provides 5 percent fixed-rate loans to businesses for the construction and/or retro-fitting of potato packing and storage facilities. Funds may be used for new construction or improvements to storage and/or centralized packing facilities, as well as for the acquisition of packing, sizing, washing and drying equipment. In addition, PMIF funds may be used to fund programs that improve the economic viability of the potato industry. Such improvements may include irrigation equipment and water source development projects. Pursuant to legislation enacted during the 126th Maine Legislature, control of program funds has been transferred to the Maine Potato Board, and the program is now being administered by this body in conjunction with the Commissioner of the Department of Agriculture, Conservation and Forestry.

EDUCATION FINANCE PROGRAMS: Title 20-A

Chapter 417: Federal Financial Assistance Programs Subchapter I: Loan Insurance Programs

FAME is designated as the state's guarantor for the Federal Guaranteed Student Loan Programs. This means that, should a student borrower default on their loan, FAME steps in to ensure payment, with backing/reimbursement by the U.S. Department of Education. FAME is tasked

with administering the Robert T. Stafford Loan Program; the Parent Loans to Undergraduate Students (PLUS) Program; and the Supplemental Loans for Students Program.

Pursuant to federal legislation, no new loans were originated in the Federal Family Education Loan (FFEL) Program after July 1, 2010. FAME's portfolio of outstanding federal student loans for which it provides a guarantee as of June 30, 2017 was \$385,734,641.

A specific insurance reserve fund is created at FAME to support these programs. The Insurance Reserve Fund is supported by the ability to issue up to \$4 million in bonds, supported by the full faith and credit of the state in accordance with the Constitution of Maine, Article VIII, Part First, Section 2. FAME may enter into contracts with the U.S. Department of Education to administer these programs and may contract with third parties to undertake administrative responsibilities. The statute specifically provides that, under these provisions, loans to minors are binding obligations. Subchapter I also specifies the requirements for a nonprofit corporation to serve as a secondary market for student loans. FAME does serve as a secondary market for student loans.

Subchapter II: Other Federal Educational Finance Assistance Programs

Although FAME is named as the administrator of the following federal programs in statute, these federal programs are no longer being funded, and therefore we no longer administer them :

- Leveraging Education Assistance Partnership (LEAP) Program;
- Special Leveraging Education Assistance Partnership (SLEAP) Program;
- The Robert C. Byrd Honors Scholarship Program;
- GEAR UP and GEAR UP Scholarship;
- The Paul Douglas Teacher Scholarship Program.

Chapter 417-A: Maine Educational Loan Program

The program was established upon the Legislature finding that there is a need to provide additional assistance for higher education for residents and inhabitants of this state; that the cost of higher education is increasing; assistance to higher education, including recipients and providers of higher education, will benefit the people of this state, enhance their welfare and increase their commerce and economic prosperity; it is the purpose of this chapter to provide assistance to students or the families of students who are residents of this state attending institutions of higher education within or outside of this state. The assistance provided by this chapter is intended in part to supplement federal guaranteed higher education loan programs, other student loan programs, grant programs, scholarship programs, programs assisting institutions of higher education and other means of assisting students, families of students and institutions of higher education.

In 2015, the Legislature merged the former Maine Educational Loan Authority (MELA), which provided alternative or private loans to Maine families, with FAME. All properties, rights in land, buildings and equipment and any funds, moneys, revenues and receipts or assets of the MELA, including funds previously appropriated by the state for MELA, now belong to FAME as successor, and all liabilities of MELA are liabilities of FAME. All contracts and undertakings of MELA are contracts of the Finance Authority of Maine, as well.

Chapter 417-C: Higher Education Loan Program

This program is unfunded by the Legislature, and therefore remains non-operational. It would allow FAME to provide loans to students who maintain a grade average of at least 2.0 on a scale of 4.0 to fill the gap between the student's total cost of attendance for the academic year at an eligible institution of higher education and the total sources of financial assistance available to that student. This subchapter creates the Higher Education Loan Program Fund as a revolving fund to carry out the purposes of the subchapter.

Chapter 417-E: Maine College Savings Program

This chapter authorizes FAME to create a college savings program that is eligible for treatment as a Section 529 Program under the Internal Revenue Code. The program is now known as The NextGen College Investing Plan®, and has been in existence for twenty years.

The chapter creates the Maine College Savings Program Fund, which is administered by FAME. All assets of the fund are to be held for the participants and beneficiaries, which may include using the program fund to refund fees paid by participants, provide matching grants to participants, or provide scholarships to account beneficiaries.

Powers:

The chapter provides FAME with broad powers for the administration of this program, including:

- To enter into contracts necessary for the administration of the program;
- To invest funds with the advice of the Advisory Committee on College Savings;
- To enter into agreements with participants;
- To appoint a Program Administrator;
- To undertake studies and projections;
- To borrow money;
- To employ investment managers and consultants; and
- To fund all costs and expenses incurred in connection with the program, provided that FAME may not assess the Program Fund a fee in excess of 1% of the balance in the Fund for the administrative costs and expenses of the program.

The chapter further provides that the contributions and earnings on a program account are not susceptible to levy, execution, judgment or other operation of law, garnishment, or other judicial enforcement. The amounts in program funds are exempt from state taxation to the extent that a distribution from the account is used for the purpose of paying higher education expenses. FAME may take such action as is necessary to assure that the program complies with Section 529 of the Internal Revenue Code of 1986.

Advisory Committee on College Savings:

There is created an Advisory Committee on College Savings. These individuals are charged with providing advice to FAME on the operation of the program and the investment of the Program Fund. A recent amendment to law increased membership to eight and changed the membership by: removing the State Treasurer; reducing from two members to one member the seat appointed by the Governor from the public; increasing from two members to four members the individuals

appointed by the Governor with experience in and knowledge of institutional investment of funds; and increasing from two members to three members the individuals appointed by the FAME Board chair. It also specifies that members appointed by the chair of the FAME Board are appointed for one-year terms, while those appointed by the Governor continue to serve four-year terms.

Chapter 417-F: Higher Education Loan Purchase Program

This program seeks to provide greater access to federal loan program loans at a lower cost, enabling students to attend the Maine institutions of higher education of their choice. FAME is authorized to issue bonds for the purpose of financing eligible loans. FAME may use any net earnings on these bonds to administer the program, to pay or further secure bonds and to make eligible loans. FAME may adopt rules to implement and administer the program. Subsections within this chapter pertain to confidentiality of records obtained by FAME and the issuance of bonds.

Chapter 419-A: Maine State Grant Program

FAME administers the Maine State Grant Program, the state's only need-based grant program for eligible undergraduate students. Over 14,000 Maine students now receive, on average, a \$1,700 grant to help meet the costs of college education. Students attending part-time currently receive a grant of \$850.

Chapter 419-C: Scholarships for Maine Fund

This chapter, never implemented, authorizes FAME to sponsor a credit card and use any proceeds for scholarships to Maine residents enrolled in accredited postsecondary education programs of at least one year's duration.

Chapter 419-D: Quality Childcare Education Scholarship Fund

State funding for this program was eliminated a couple of years ago. Money in this fund was used to provide need-based scholarships to Maine residents who are enrolled in a course of study related to early childhood education or child development at accredited institutions of higher education, or at course-offering institutions that have articulated agreements with accredited institutions of higher education.

Chapter 421: Postgraduate Education in the Field of Medicine

The Legislature authorized FAME to develop and administer programs to ensure the admission of qualified Maine residents to educational institutions providing programs of instruction leading to doctoral degrees in allopathic medicine, dentistry, optometry and veterinary medicine. This can include programs designed to allow for access/seats out-of-state (this program was phased-out, however, with the advent of Maine medical schools and the creation of the Doctors for Maine's Future Scholarship Program) or programs allowing students to return to or remain in Maine to practice their profession in underserved areas. An Advisory Committee on Medical Education is established to assist FAME in planning and administering the professional health programs. Today FAME administers the Maine Health Professions Loan Program; the Veterinary Medicine Loan Program; the Doctors for Maine's Future Scholarship Program; and

the Maine Dental Loan and Loan Repayment Programs. These programs are discussed in greater detail below.

Chapter 424: Medical Education and Recruitment Program

FAME is charged with the administration of comprehensive programs to address the shortage of primary health care professionals in underserved areas of the state. The Advisory Committee on Medical Education is created to assist FAME's chief executive officer in planning, evaluating, and updating the programs to ensure that Maine residents have access to medical education and to primary health care.

Access to Medical Education Program (now defunct):

FAME used to secure at participating medical schools up to five positions annually for students of osteopathic medicine; fifteen positions annually for students of allopathic medicine; and one position each year for students of veterinary medicine, for an aggregate of up to eighty-four positions outstanding at any time. Both students and institutions participating in the program had to enter into agreements with FAME to ensure that the student completes clinical education requirements in rural areas of the state. This program has been phased out as a result of the creation of the Doctors for Maine's Future Medical Scholarship Program, as well as the emergence of the Tufts-Maine Medical Center School of Medicine.

Doctors for Maine's Future Scholarship Program:

In 2009, the Legislature established the Doctors for Maine's Future Scholarship Program to provide a tuition subsidy of 50% of the cost of attendance annually, up to a maximum of \$25,000 per student annually, for eligible students who enter qualifying Maine-based medical school programs for the purpose of increasing the number of physicians in this state who practice in primary care, underserved specialties or underserved areas of the state. The program has been a success, providing a \$25,000 scholarship annually for up to four years to Maine residents attending medical school at either University of New England College of Medicine or at Tufts University School of Medicine-Maine Medical Center Program (Maine Track Program). Schools must provide an equal number (match) of \$25,000 scholarships to Maine resident students attending the school.

Health Professions Loan Program:

The Maine Health Professions Loan Program is a need-based loan of up to \$25,000/year for Maine residents pursuing post-graduate medical, dental, or veterinary education. The program offers tiered interest rate loans depending on the type of return service rendered. Loans made under the Maine Health Professions Loan Program prior to January 1, 2011, provided a loan forgiveness option for physicians who practiced primary care in Maine.

Advisory Committee on Medical Education:

The Advisory Committee on Medical Education is created to assist FAME's chief executive officer in planning, evaluating, and updating the programs to ensure that Maine residents have access to medical education and to primary health care.

The committee consists of the following members:

- A representative of a statewide agency representing allopathic physicians;
- A representative of a statewide agency representing osteopathic physicians;
- A representative of a statewide agency representing family physicians;
- A representative of a statewide agency representing hospitals;
- A representative of a statewide agency representing community health centers;
- A representative of an association of commercial health insurance companies;
- A representative of a statewide area health education center program;
- Three at-large members representing area of state lacking reasonable access to health care;
- A chief executive of a family practice residency in Maine;
- The DHHS Commissioner or their designee;
- A representative of a major teaching hospital in the state.
- A Maine student, resident or practicing physician who has obtained a position secured by the authority under the former Access Program at an institution of allopathic medical education or who has obtained a Doctors for Maine's Future Scholarship;
- A Maine student, resident or practicing physician who has obtained a position secured by the authority at an institution of osteopathic medical education under the former Access Program or who has obtained a Doctors for Maine's Future Scholarship;
- A representative of each qualifying Maine-based medical school program with students receiving Doctors for Maine's Future Scholarships.

Chapter 424-A: Maine Veterinary Medicine Loan Program

This is a need-based forgivable loan for students enrolled in a program leading to a Doctor of Veterinary Medicine degree. Loans in the amount of \$25,000 annually are available to up to two students annually, with a maximum overall program participation at any time limited to eight. To assist with selection, FAME annually convenes a committee to advise it in developing application materials designed to identify students likely to practice livestock veterinary medicine in the state, and to make recommendations to FAME regarding the priority of applicants for loans to students of veterinary medicine.

Chapter 426: Maine Dental Education and Recruitment

The Maine Dental Education Loan provides a forgivable loan up to \$20,000 per year for up to four years to Maine residents who are pursuing a postgraduate degree in dentistry. The program provides practicing dentists loan repayment. Under both programs, the dentist must provide dental services to Mainers living in underserved population areas without regard to their ability to pay.

Advisory Committee on Dental Education:

The Advisory Committee on Dental Education is established to assist FAME in evaluating and improving the program. The committee consists of ten voting members appointed by the President of the Senate and the Speaker of the House as follows:

- A representative of a statewide organization representing dentists;
- A representative of a statewide coalition dedicated to issues concerning ambulatory care;
- A member of a statewide alliance dedicated to children's issues;
- A representative of the Department of Human Services, Bureau of Health, Oral Health Program;

- Two members of the House of Representatives;
- A representative of a statewide organization of consumers dedicated to the cause of affordable health care;
- A representative of a statewide organization dedicated to ensuring equal justice;
- A representative of the Department of Human Services, Bureau of Medical Services;
- One state senator.

Additionally, there are two nonvoting members, one of whom represents FAME (appointed by the Speaker), and one of whom represents the DHHS Office of Primary Health Care (appointed by the President).

Chapter 428: Educators for Maine Program

Under this program, FAME offers merit-based forgivable loans for Maine students pursuing initial certification as a teacher, including speech pathology or a career in child development. Students may receive \$3,000/year for a total of up to \$12,000 for undergraduate and \$2,000/year for a total of up to \$8,000 for graduate studies. Loans are forgiven if the recipient is an educator or speech pathologist in an eligible elementary or secondary school or a quality child care program in the state of Maine. Loan recipients who are Jobs for Maine's Graduates specialists may also be eligible for forgiveness in this program.

Chapter 428-A: Maine Engineers Recruitment and Retention Program

Although never funded or operated, this program authorizes FAME to provide assistance to eligible employers seeking to recruit engineers for full-time employment in Maine by providing financial assistance to eligible individuals who fill such positions. Under the program, an eligible employer seeking to fill an eligible employment position with an eligible individual who has outstanding student loans from financial institutions may apply to FAME on behalf of that individual to obtain one or more program loan repayment agreements. The maximum program loan repayment amount available to each eligible individual, excluding the employer's match, is \$2,500 per year, for a maximum of four years. No more than ten program loan repayment agreements may be awarded in any year. FAME may not award more than 40% of the program loan repayment agreements in any one year to individuals who are eligible under the program.

Chapter 428-B: Future for Youth in Maine Loan Repayment Program

This program, although never funded or operational, was established to recruit and retain college graduates in Maine to start new technology-based businesses. FAME was to enter into loan repayment agreements for maximum loans of \$5,000 per year for four years with participants whose employers vouched for their work in the state.

Chapter 429: Tuition Waiver at State Post-secondary Educational Institutions

Tuition waivers are available for children and spouses of firefighters, law enforcement officers, and emergency medical services personnel who have been killed in the line of duty, or who died as a result of injuries received during the performance of their duties. Individuals who apply for a waiver in the Public Servant Program are funded by request

Recipients must be Maine residents attending a school within the University of Maine System, the Maine Community College System, or Maine Maritime Academy.

Chapter 429-A: Tuition Waiver at State Post-secondary Educational Institutions for Persons Who Have Resided in Foster Care

Thirty new tuition waivers each year are available to students who were foster children under the custody of the Maine Department of Health and Human Services and for adopted persons whose adoptive parent(s) received a subsidy from the Department when they graduated from high school.

Chapter 430-B: Financial Aid and Career Counseling

FAME must administer an outreach program that provides middle school and high school students, and the parents of those students, as well as adults seeking to acquire post-secondary education, with career and financial aid counseling. These counseling services are to be provided throughout the state in accessible locations to assist eligible participants and include information concerning career options, educational programs, and postsecondary schools.

In FY16, FAME coordinated and participated in:

- 267 financial aid information sessions and workshops for 9,216 Maine students and families
- 31 training workshops for 1,259 counselors and advisors
- 52 workshops to help 470 students complete the Free Application for Federal Student Aid (FAFSA)
- 237 financial literacy workshops for 5,337 students
- 37 college and careers fairs attended by 14,228 students

Chapter 439: Maine Science, Technology, Engineering and Mathematics Loan Program

The Maine Science, Technology, Engineering and Mathematics Loan Program is established to increase the number of students in this Maine pursuing undergraduate and graduate degrees in the fields of science, computer science, technology, engineering and mathematics. The program has not been funded yet by the Legislature, and, therefore, remains non-operational. Under the program, FAME would provide loans in amounts up to \$7,500 per year for a maximum of five years to selected STEM students. Loans with interest rates ranging from zero to eight percent would be offered as follows: A STEM student may receive a loan bearing an annual interest rate of 0% if the student upon graduation: remains in or returns to Maine to live and work; and is employed in a STEM field. A STEM student may receive a loan bearing an annual interest rate of 5% if the student upon graduation: remains in or returns to Maine to live and work; and is not employed in a STEM field. Finally, a STEM student may receive a loan bearing an annual

interest rate of 8% if the student does not remain in or return to the Maine to live and work upon graduation

AGRICULTURAL MARKETING LOAN FUND
(administered on behalf of the Department of Agriculture, Conservation, and Forestry)

Statute: 7 MRSA § 435; 10 MRSA § 1023-J

Rules: Yes

Goal: Provides 5% fixed-rate loans to natural resource-based businesses that employ new and innovative technologies and processes in order to improve, expand, and enhance the manufacturing, marketability, and production of Maine-made agricultural products. Funds may be used for the design, construction or improvement of facilities such as commodity storage buildings and packing and marketing facilities. Funds may also be used to purchase or retrofit machinery and equipment.

Eligibility: Any individual or entity engaged in an agricultural or aquaculture enterprise based in Maine is eligible to apply for financing under the fund. Borrowers may apply for up to 75% of the project cost if the project exceeds \$100,000, and up to 90% of the project cost if the project is less than \$100,000. The maximum loan under the AMLF is \$250,000. Funds must be matched with other financing or equity between 10% to 55%, depending on project cost.

Activity Summary: Over the years, AMLF has helped to finance 124 projects that have leveraged a total of \$24,800,459 in investments in Maine's agriculture infrastructure. Since program inception, the agricultural industry sectors with the highest loan volumes have been dairy, potato, aquaculture services, and crops sectors, with \$2,228,124; \$2,297,322; \$ 1,798,261; and \$2,551,174 in loans, respectively. In FY 2017, AMLF provided loans to two projects totaling \$121,000. Program funding provided by \$6 million from a 1996 voter-approved bond issue. A second bond was authorized by voters in 2007 for an additional \$1 million.

Assessment: This program is meeting its goals and objectives. It has been used to encourage the growth and development of enterprises engaged in agriculture and aquaculture in Maine. Increased capital investment in Maine agriculture is a critical element for the growth of the Maine economy. It continues to be successfully used by a wide variety of agricultural enterprises. We believe that this program has been successful due to the large variety of uses that qualify.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Number of Loans	11	8	1	4	6	4	3	2
Dollar Amount of Loans	\$1,517,179	\$945,346	\$82,866	\$361,439	\$513,450	\$355,469	\$334,000	\$121,000
Jobs Created	15	22	1	5	15	8	3	6
Jobs Retained	54	48	1	19	5	36	12	6

COMMERCIAL LOAN INSURANCE PROGRAM

Statute: 10 MRSA § 1026 -A

Rules: Yes

Goal: Provides loan insurance on a portion of a loan made by a participating financial institution. This results in access to capital that otherwise might have been unavailable to a broad range of commercial borrowers. Loan insurance is available for almost any prudent business activity, and insures up to 90% (100% for veterans) of a loan to a maximum FAME insurance exposure of \$5.25 million. This maximum insurance amount is set at least annually in accordance with FAME's Direct Loan and Loan Insurance Credit Policy. FAME has made the program more efficient for financial institutions through the innovative OnLine Answer (OLA) application process, by which lenders can apply online and receive an immediate answer.

Eligibility: Any business or business project for any such business that is located in the state of Maine is eligible, except for businesses or uses as follows: religious or fraternal organizations; gambling or adult entertainment facilities; residential housing; investment real estate (50% or more non-owner occupied); personal, family or household expenses. Pro rata insurance covers a percentage of lender's loss after a default and liquidation, up to 100%; whereas leveraged insurance covers 100% of lender's loss, up to 25% of the loan balance at the time of default.

Activity Summary: In FY 2017, FAME provided approximately \$40 million in loan insurance to lending institutions for loans to 235 Maine businesses, leveraging approximately \$68 million in financing. This helped to create and retain approximately 3,000 Maine jobs. In FY 2017, FAME made a total of \$1,442,553 in payments on its loan insurance obligations for thirteen separate insurance claim payments. This constituted 0.67% of FAME's total insurance obligations.

Assessment: This program is one of FAME's two "bread-and-butter" programs (the other being the FAME Direct Loan) and a great success. It has been rated highly by independent consultants as a state economic development incentive, and boasts an impressive return on investment. The program strives to provide access to capital that promotes economic development through, but not limited to: job retention, job creation, value-added production and export sales. As noted below in the emerging issues section, FAME would like to increase the maximum amount available through the Commercial Loan Insurance Program from \$7 million to \$10 million. Such a change would require additional state resources to the loan insurance program totaling \$37 million, however.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Number of Loans Insured	187	233	285	310	330	301	283	271
Dollar Amount of Loans	\$20,451,890	\$22,924,154	\$38,016,125	\$31,925,541	\$26,741,165	\$41,329,729	\$35,604,661	\$39,739,080
Jobs Created	222	374	346	491	571	575	666	584
Jobs Retained	1,550	2,052	3,105	2,220	2,103	1,776	2,358	2,451

ECONOMIC RECOVERY LOAN PROGRAM d/b/a FAME DIRECT LOAN

Statute: 10 MRSA § 1026-J

Rules: Yes

Goal: Provides subordinate (gap) financing, generally up to \$500,000, to assist businesses in their efforts to remain viable and/or improve productivity. Larger loans up to \$1 million are possible if substantial public benefit is demonstrated.

Eligibility: Maine-based businesses with a reasonable ability to repay the loan and demonstrate that other sources of capital have been exhausted.

Activity Summary: In FY 2017, FAME provided loans to twenty Maine businesses totaling approximately \$5.1 million. This helped to create and retain 351 Maine jobs. Funding provided by General Fund bond issues, most recently in 2010 for \$3 million, as well as in 2008 for \$1.5 million. Fee and interest payments help fund the program, also.

Assessment: This program is another of FAME's key programs and is heavily utilized by companies having difficulty accessing credit. It has been effective assisting industries in recovering from downturns in their respective businesses (e.g. paper mills), as well as providing additional capital to launch new products when conventional financing was not available. Utilization of this program is somewhat counter-cyclical with the economy, and we have seen decreased applications over the past couple of years in light of the improving economy. FAME would like to increase the maximum amount available through this program from \$1 million to \$2 million. Such a change would require additional state resources of \$13 million.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Number of Loans	31	34	23	31	22	22	30	26
Dollar Amount of Loans	\$3,713,927	\$4,710,050	\$4,157,990	\$4,810,411	\$4,009,780	\$4,945,558	\$5,119,635	\$5,128,878
Jobs Created	49	92	385	103	53	133	189	128
Jobs Retained	503	744	665	654	428	671	275	223

KIM WALLACE ADAPTIVE EQUIPMENT LOAN PROGRAM d/b/a mPOWER

Statute: 10 MRSA § 371 et seq.

Rules: Yes

Goal: This program has two components: one for businesses and one for consumers. The first provides loans to businesses for the purchase, construction or installation of any product or equipment that promotes access for individuals to become more independent in the community. The second provides assistance to consumers for the purchase, construction or installation of any product or equipment that allows them to become more independent in the community, promotes mobility, improves independence or quality of life.

Eligibility: The program serves Maine businesses and individuals with disabilities who live in Maine.

Activity Summary: In FY 2017, mPower provided thirty-four loans to consumers totaling \$359,675. No commercial loans were made during the period, however. This program has been funded in the past by voter-approved bond issuances. In addition to administering the revolving loan fund, FAME provides administrative and underwriting services under contract with the nine-member board that is authorized to approve the loans.

Assessment: The program is valuable and beneficial to many Mainers with disabilities and the businesses that employ them. It has experienced decreased utilization in recent years, however, and is undergoing some changes. The board recently voted to suspend new loan applications from October-December, 2017, to allow the board and its partners (including Alpha One and FAME) to redesign the program in order to ensure its stability. The goal is to continue providing a source of funding to businesses, both profit and non-profit, that enables them to become ADA compliant, and to provide funds that can be used for the acquisition of equipment necessary in the employment of individuals with disabilities. It is also the goal of this program to continue providing a source of funding to consumers with disabilities that allows them to purchase necessary equipment or to make home modifications that improves their independence and quality of life.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Number of Loans	134	92	85	67	65	72	43	34
Dollar Amount of Loans	\$1,383,272	\$873,765	\$1,019,452	\$596,051	\$604,672	\$598,907	\$392,751	\$359,675

LINKED INVESTMENT PROGRAM FOR AGRICULTURE

Statute: 5 MRSA § 135

Rules: Yes

Goal: This program enables a qualified borrower to obtain a 2% interest rate reduction on bank loans up to \$200,000 for agricultural businesses. The State Treasurer makes a deposit in the form of a certificate of deposit (CD) with the originating lender at up to 2% below the prevailing interest rate. In return, the financial institution will lend to an agricultural enterprise at up to 2% below the then-current loan rate for up to one year. The maximum CD investment is \$200,000, but the actual loan may be greater.

Eligibility: Agricultural enterprises that meet one of the following criteria are eligible: principal source of income derives from producing crops or raising livestock; proceeds must be applied to an agricultural operating loan, specifically for the purchase of seed, feed, fertilizer, chemicals, veterinary services, labor, production-related energy and/or other production. Cannot be applied to loans for capital projects.

Activity Summary: In FY 2017, this program experienced no activity.

Assessment: Although there has not been a high demand for funds over the last few years, in a normal credit environment, the program has been over-subscribed and highly successful. Many agricultural businesses benefitted by the cash flow relief provided by this program. The program has consistently received more demand than resources have allowed; therefore, some eligible enterprises have been unable to take advantage of the program.

LINKED INVESTMENT PROGRAM FOR COMMERCIAL ENTERPRISES

Statute: 5 MRSA § 135

Rules: Yes

Goal: This program enables a qualified borrower to obtain a 2% interest rate reduction on bank loans up to \$200,000 for non-agricultural businesses. The State Treasurer invests in financial institutions at 2% below the prevailing interest rate. In return, the financial institution will lend to non-agricultural enterprises at 2% below the current loan rate for up to one year.

Eligibility: Commercial enterprises who meet the following criteria: non-agricultural, for-profit business located in Maine; 20 or fewer employees or annual sales of less than \$2,500,000; at least 70% of its sales out-of-state or is a manufacturer as defined by rule. Loan proceeds for real property, fixed assets, research or working capital available if 50% or greater owned by Maine residents and must create or retain one job for each \$20,000 of deposited funds.

Activity Summary: In FY 17, this program experienced no activity.

Assessment: Although there has not been a high demand for funds over the last two years, in a normal credit environment, the program has potential benefit to many small businesses in need of some rate reduction in their borrowing costs.

MAINE ECONOMIC DEVELOPMENT VENTURE CAPITAL REVOLVING INVESTMENT PROGRAM (VRIP)

Statute: 10 MRSA § 1026 -N

Rules: Yes

Goal: This program encourages venture capital funds to invest in promising early-stage Maine companies. FAME invests as an equal partner with others in private venture capital funds. In return, the companies agree to maintain an active presence in Maine and make best efforts to reinvest in Maine companies.

Eligibility: Available only to established venture capital funds that have a strategy for the creation and retention of jobs in Maine.

Activity Summary: Over the life of the program (since March 2001), VRIP has made approximately \$3.5 million in investments in seven different funds and, as a result, has realized returns totaling \$2 million thus far.

Assessment: FAME is evaluating the desirability of maintaining the program, but must wait until the timeframe for invested funds has elapsed to make decisions about its future.

MAINE NEW MARKETS CAPITAL INVESTMENT PROGRAM

Statute: 10 M.R.S.A. § 1100-Z

Rules: Yes

Goal: Modeled after the federal tax credit, this state program is designed to attract investment in economically distressed areas of Maine. An allocation of tax credits may be provided for businesses that invest in “qualified community development entities.” The credit is equal to 39% of the qualified amount invested, and is spread over a seven-year period, with 7% allowed in year three and 8% in each of years four through seven. The credit may not be taken in the first two years after investment. “One-day loans” are now prohibited pursuant to rule. The maximum aggregate amount of tax credit authority is set forth at \$250 million, and the amount of tax credits that may be claimed in a fiscal year is limited to \$20 million.

Eligibility: In order to be eligible to participate in the program, an entity must be certified as a qualified Community Development Entity (CDE) by the Secretary of the United States Treasury, and be a party to an existing allocation agreement with the Department of Treasury’s Community Financial Institution Fund that is in effect and not subject to revocation or cancellation. The allocation agreement must have Maine in its service area. In addition, the CDE must be able to answer four of the following five questions affirmatively:

- Has the CDFI Fund been awarded multiple rounds of federal New Markets Tax Credit allocation to the CDE, its controlling entity or other entity controlled by the same controlling entity?
- Has the CDE, its controlling entity or other entity controlled by the same controlling entity, participated as a qualified community development entity in a state New Markets Tax Credit program or made an investment in this state that qualifies for federal New Markets Tax Credits?
- Has the CDE, its controlling entity or other entity controlled by the same controlling entity, made an investment qualified for tax credits in a business located in a nonmetropolitan census tract?
- Has the CDE, its controlling entity or other entity controlled by the same controlling entity, made an investment qualified for tax credits in a state where it did not previously have substantial operations?
- Has the CDE, its controlling entity or other entity controlled by the same controlling entity, explored potential investment opportunities in Maine that would qualify for credits under the program?

Activity Summary: In FY 17, FAME issued \$1.8 million in tax credits through this program. The March 2017 report on the program by the Office of Program Evaluation and Government Accountability (OPEGA) calculated the net impact on the state budget from NMTC investments to date as being a \$24.7 million increase in state revenues from 2012 through 2016, and an \$8.9 million revenue loss in the following five years, for an overall positive fiscal impact of \$15.8 million in the period 2012-2021. At the time of the report, ten businesses (now eleven) had received qualifying NMTC investments totaling approximately \$182.9 million, with individual businesses receiving between \$575,000 and \$40 million. The ten projects examined by OPEGA were found to have created or retained 764 direct permanent jobs existing in 2016 that would likely not have occurred without the Maine NMTC investment. An additional 257 direct

permanent jobs were retained for 14 months but were lost when the business shut down, or shortly afterward. Economic modeling of direct and indirect impacts associated with the ten projects funded to date shows additional Gross State Product (GSP) generated from investments as averaging roughly 0.31%, or approximately \$173 million, for each of the years 2013–2016.

Assessment: The program has been an overall success and is in our opinion worthy of continuance and additional funding. FAME recommends, however, that the Legislature enact a statutory change to mirror the FAME rule ban on the use of “one-day” loans in future transactions. The Legislature’s Taxation Committee will be considering the program in depth this fall following the report by OPEGA that was endorsed by the Government Oversight Committee.

QEI FUNDED, QLICI APPROVED AND CLOSED								
CDE	QEI APPROVED	QEI MADE	QLICI	QLICB	JOBS Created/Retained (Direct)	JOBS Created/Retained (Indirect)	CREDITS AWARDED	DATE CLOSED
ADVANTAGE	\$41,600,000.00	\$29,235,294.00	\$24,850,000.00	JSI	200	270	\$11,401,764.00	12/13/2013
		\$823,529.00	\$700,000.00	PUTNEY	98	N/R	\$321,176.00	6/23/2014
		\$10,941,176.00	\$9,300,000.00	PUTNEY	-	-	\$4,267,059.00	7/31/2013
		\$588,235.00	\$500,000.00	QUODDY	58	N/R	\$229,412.00	8/12/2013
	\$66,666.64	78,432.64	75,008.56	QUODDY			\$30,588.00	12/31/2014
Total	\$41,666,666.64	\$41,666,666.64	\$35,425,008.56				\$16,249,999.00	
ENHANCED	\$20,832,666.66	\$20,832,666.66	\$19,832,667.00	ST. CROIX	380	600	\$8,124,740.00	12/30/2013
	\$20,834,000.00	\$20,834,000.00	\$20,000,000.00	GNP	319	850	\$8,125,260.00	12/27/2012
Total	\$41,666,666.66	\$41,666,666.66	\$39,832,667.00		699	1450	\$16,250,000.00	
CCML	\$11,666,666.66	\$11,666,666.66	\$11,200,000.66	ST. CROIX	-	-	\$4,550,000.00	12/30/2013
	\$10,000,000.00	\$10,000,000.00	\$9,700,000.00	MOLNLYCKE	80	N/R	\$3,900,000.00	11/18/2013
	\$10,000,000.00	\$10,000,000.00	\$9,700,000.00	FARNSWORTH	39 FT/25 PT	150+	\$3,900,000.00	3/25/2015
Total	\$31,666,666.66	\$31,666,666.66	\$30,600,000.66				\$12,350,000.00	
US BANCORP	\$8,503,402.00	\$8,503,402.00	\$8,078,232.00	ST. CROIX	-	-	\$3,316,327.00	12/30/2013
	\$10,204,082.00	\$10,204,082.00	\$10,000,000.00	BRUNSWICK LANDING	60	N/R	\$3,979,592.00	3/4/2014
Total	\$18,707,484.00	\$18,707,484.00	\$18,078,232.00				\$7,295,919.00	
STONEHENGE	\$20,000,000.00	\$20,000,000.00	\$20,000,000.00	GNP	-	-	\$7,800,000.00	12/27/2012
	\$10,833,333.00	\$10,833,333.00	\$10,000,000.00	PRESS HOTEL	70	N/R	\$4,224,999.87	5/16/2014
Total	\$30,833,333.00	\$30,833,333.00	\$30,000,000.00				\$12,024,999.87	
CCG	\$31,111,111.10	\$29,748,583.00	\$29,003,611.00	ATHENS	154	73	\$11,601,947.00	9/12/2014
GRAND TOTAL	\$195,651,928.06	\$194,289,399.96	\$182,939,519.22				\$75,772,864.87	

MAINE RURAL DEVELOPMENT AUTHORITY (administered pursuant to contract with MRDA)

Statute: 5 M.R.S.A. §§ 13120-A et seq.

Rules: Yes

Goal: FAME provides underwriting and administrative services to the Maine Rural Development Authority (MRDA). The MRDA was established by the Maine Legislature in 2002 to provide financial assistance to communities and their development partners to help develop speculative commercial and industrial buildings and to help develop/redevelop underutilized commercial industrial properties. The primary focus of the MRDA's activities is in the rural areas of Maine that have traditionally not experienced the same level of economic development success regions as other parts of the state or have experienced major economic losses, such as plant closings and downsizings or are economically distressed. Loans up to \$500,000 available.

Eligibility: Projects must:

- Invest in the development/redevelopment of underutilized commercial properties
- Foster job creation
- Encourage business development in Maine
- Restore employment opportunities
- Create employment in areas of economic need

Activity Summary: In FY 2017, the MRDA provided two loans to customers totaling \$558,383.

Assessment: The program is important and worthwhile for Maine's rural communities. MRDA may serve both as lender and investor in the acquisition or development of commercial real estate for subsequent sale or lease into private sector use. It also may provide loans to local development agencies for the constructions of speculative buildings.

MAINE SEED CAPITAL TAX CREDIT PROGRAM

Statute: 10 MRSA § 1100-T

Rules: Yes

Goal: To encourage equity and near-equity investments in eligible Maine businesses, directly and through private venture capital funds. FAME may authorize state income tax credits or refundable tax credits to investors for 50% of the cash equity they provide to eligible Maine businesses. Investments may be used for fixed assets, research or working capital.

Eligibility:

- Business must be located in Maine.
- Investor must own less than 50% of the business.
- Principal owners and their immediate relatives are not eligible.
- Annual gross sales of less than \$5 million.
- Business must either:
 1. be a manufacturer;
 2. provide goods or services with 60% of sales derived from outside the state or to out-of-state residents;
 3. develop or apply advanced technologies;
 4. be a value-added natural resource enterprise; or
 5. be certified as a visual media production company.
- Operating the business must be the professional, full-time activity of at least one of the principal owners.

Activity Summary: In calendar year 2016, FAME issued \$4,994,952 in tax credits out of the \$5 million that was available under law. 29 Maine businesses and 3 venture capital funds received investments, which resulted in the issuance of tax credits.

Assessment: The program has been successful at meeting its aim of spurring increased investment from out-of-state and enabling the start-up and continuation of successful Maine businesses.

Calendar Year	Tax Credits	Investments	Businesses Assisted	# Credits Issued
'10	\$3,363,343	\$8,255,943	21	95
'11	\$1,381,066	\$4,130,165	20	69
'12	\$2,744,014	\$4,670,030	24	104
'13	\$202,400	\$380,000	3	7
'14	\$525,000	\$730,000	4	12
'15	\$3,948,460	\$7,596,920	33	144
'16	\$4,994,952	\$10,104,711	29	163
TOTALS	\$17,159,235	\$35,867,769	134	594

MAJOR BUSINESS EXPANSION PROGRAM

Statute: 10 MRSA § 1053

Rules: Yes

Goal: Provides long-term, credit-enhanced financing up to \$25 million at taxable bond rates for businesses creating or retaining at least 50 jobs and at tax-exempt bond rates on bonds up to \$10 million that are used to finance manufacturing expansions. Credit enhancement provided through FAME's loan insurance program or capital reserve funds.

Eligibility: Any business that can demonstrate a strong likelihood of repayment of the bond financing, as well as servicing other existing debt. The business must generate or retain a minimum of 50 jobs. Bond proceeds may be used to acquire real estate, machinery, equipment or fixtures, or expand or rehabilitate a facility. Projects involving housing, retail sales are not eligible.

Activity Summary: In FY 17, FAME closed no loans through this program. Only one loan has been closed through this program: in FY '15, FAME provided \$7.5 million in bond financing to St. Croix Tissue in Baileyville, which helped to create 160 Maine jobs and retain an additional 300 jobs in Washington County.

Assessment: As the program involves committing the moral obligation of the state for bond repayment, the governing statute requires a "strong likelihood of repayment" from the borrower. This can be a difficult threshold for borrowers to meet. For certain strong, credit-worthy projects, we believe it can continue aiding in the retention of major employers where factors other than the cost of labor are critical to a decision to locate or expand in Maine as opposed to leaving or choosing not to expand in the state.

MUNICIPAL SECURITIES APPROVAL PROGRAM

Statute: 10 MRSA § 1061 et seq

Rules: Yes

Goal: Provides manufacturing borrowers with access to municipal-issued tax-exempt bond financing. The program is designed to encourage job creation through the expansion of the activities of 501(c)(3) organizations or manufacturers. Ideally suited for borrowers that propose to arrange their own credit enhancements.

Eligibility: Any qualified manufacturing borrower (criteria determined by the Internal Revenue Code) proposing to use bond proceeds for the construction, acquisition or installation of manufacturing real estate or equipment.

Activity Summary: In FY 17, one bond totaling \$4 million was issued for a non-profit entity by municipalities with FAME assistance. The program is funded from the direct sale of revenue bonds by the "non-recourse" issuer.

Assessment: The program continues to help stimulate and promote statewide economic growth in all manufacturing sectors by delivering affordable capital to businesses engaged in value-added production.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Number of companies assisted	1	1	1	4	2	5	0	2
Dollar Amount of Bonds issued	\$535,000	\$3,000,000	\$2,200,000	\$13,729,093	\$6,200,000	\$22,757,500	0	\$14,000,000

NUTRIENT MANAGEMENT LOAN PROGRAM

Statute: 7 MRSA § 4201 et seq.

Rules: Yes

Goal: To help farms and other agricultural businesses fund nutrient management projects such as diversion, irrigation, anaerobic digesters, composting or treatment facilities. Loans up to \$450,000 at 2% fixed interest available. Administered by FAME and was developed in cooperation with the Maine Department of Agriculture, Conservation, and Forestry (DACF); the Maine Department of Environmental Protection; and the Maine Municipal Bond Bank.

Eligibility: Generally, any business or individual identified by DACF as having eligible agricultural non-point-sources pollution abatement projects. Eligible uses include diversion, irrigation, anaerobic digesters, composting or treatment facilities in Maine. Projects must be deemed eligible by DACF. Loan funds may not be used for working capital, non-project-related equipment and expenses, and refinancing. Borrowers that are defined as a Concentrated Animal Feeding Operation may not be eligible for this program. No construction lending.

Activity Summary: The program was restructured in recent years. Approximately \$6 million is available through this program. In FY 2017, FAME provided no loans through this program.

Assessment: Although no one has utilized the program recently, it nonetheless holds promise and is an important Department priority.

OIL STORAGE FACILITY AND TANK REPLACEMENT PROGRAM

Statute: 10 MRSA §§ 1023-D, 1026-F

Rules: Yes

Goal: Provides low-interest, fixed-rate financing for the removal, disposal and replacement of above-ground and underground commercial storage tanks and associated piping, as well as the purchase and installation of vapor recovery systems.

Eligibility: Borrower must be replacing a leaking tank, a tank located on an aquifer, a tank that is failing a statistical test, or an abandoned tank; or have received notification from the Maine Department of Environmental Protection (DEP); or be required to install a vapor recovery system; or be renovating an above-ground or underground oil tank or related equipment including piping. Net worth may not be greater than \$750,000. Debt service coverage may not be greater than 3:1. Propane facilities are excluded.

Activity Summary: In FY 2017, this program provided two loans in the amount of \$700,000.00. Since FY 2010, the program has made approximately 19 loans totaling approximately \$3 million. This helped to create and retain approximately 90 jobs.

Assessment: The program was facing a funding shortfall, so FAME, the Maine Department of Environmental Protection, and the Maine Municipal Bond Bank devised a plan to secure funding through another source to establish a new, short-term (three years) program, the Compliance Assistance Loan Program, on somewhat modified terms from the existing program. On October 5, 2016, FAME suspended the acceptance and processing of applications for loans or loan insurance from the Underground Oil Storage Replacement Fund, including direct loans for projects and loan insurance through commercial lenders under the Oil Storage Facility and Tank Replacement Program, due to shortage of funds. However, as the Underground Oil Storage Replacement Fund is replenished with loan repayments over time, FAME and the DEP will re-evaluate the viability of the Oil Storage Facility and Tank Replacement Program, in conjunction with re-evaluation with the Bond Bank of the possible continuation of the Compliance Assistance Loan Program.

POTATO MARKETING IMPROVEMENT FUND (administered on behalf of the Maine Potato Board)

Statute: 10 MRSA § 1023-N

Rules: Yes

Goal: The program provides low-interest financing to help Maine potato growers and packers improve the quality and marketing of their potatoes. To stimulate improvement of the potato industry, to improve marketing systems, including modernization, construction and operations of storage, packing line, and other related facilities. Administered by the Maine Potato Board in conjunction with the Maine Department of Agriculture, Conservation and Forestry, this program provides low-interest financing to help potato growers and packers improve the quality and marketing of Maine potatoes. Funds may be used for new construction or improvements to storage and/or centralized packing facilities, as well as for the acquisition of packing, sizing, washing and drying equipment. Additionally, funds may be used for programs and activities that improve the economic viability of the potato industry.

Eligibility: Any person or business engaged in growing, processing or marketing potatoes in Maine. All potatoes stored or packed in Potato Marketing Improvement Fund-financed facilities must be produced in Maine. Potato Marketing Improvement funds may also be used to improve the economic viability of the potato industry. Funds may be used for: new construction or improvements to storage and packing facilities, as well as the purchase of packing, sizing, washing and drying equipment. Additionally, the Commissioner may award grants from interest earned on the cash balance of the fund.

Activity Summary: Since its inception in 1983, the program has invested over \$28.1 million in 350 potato storage or packing and handling facilities. This investment, combined with \$23.4 million in commercial lender financing and \$13.2 million in owner equity, has resulted in over \$64.7 million in investments. In FY 17, the program made a loan of \$415,000 to enable a business to construct a potato storage facility. Additionally, during this time the Commissioner made three grants totaling \$110,500 to the Maine Potato Board for research and infrastructure improvements.

Assessment: The program's success is a result of the strength of its partnerships with participating lenders, borrowers, and Maine's agricultural community. In 2013, the Legislature transferred administration of the program to the Maine Potato Board. The Commissioner of the DACF continues to provide final approval of all loans and grants. This arrangement is working well.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Number of Loans	4	5	1	3	1	0	1	1
Dollar Amount of Loans	\$425,800	\$858,361	\$156,000	\$532,015	\$95,038	\$0	\$400,000	\$415,000
Jobs Created	5	0	0	0	0	0	0	0
Jobs Retained	30	81	10	25	4	0	8	0

REGIONAL ECONOMIC DEVELOPMENT REVOLVING LOAN PROGRAM (REDRLP)

Statute: 10 MRSA § 1026-M

Rules: Yes

Goal: Provides subordinate and/or gap financing up to \$350,000. The program is offered through the various regional economic development agencies throughout the state. This program also provides direct loans to quality child care projects to provide financing for physical site improvements.

Eligibility: Businesses that have sales under \$10 million or employ 100 or fewer employees, conducting business in the following categories:

- Advanced manufacturing technologies
- Advanced information systems
- Advanced biological/natural resource technologies
- Conversion from defense industry
- Significant export involvement (goods or services)
- Significant research and development
- Micro-businesses (under 10 employees)
- Quality child care projects
- Business significantly engaged in commercial and/or mixed-use real estate and/or community facilities development
- Business significantly engaged in serving tourists, such as outdoor recreation, culture, heritage and hospitality industries.

Activity Summary: In calendar year 2017, REDRLP agencies lent approximately \$4.4 million as part of 67 loans to Maine businesses, leveraging an additional \$22 million of investment. This activity resulted in the creation and retention of 1,341 Maine jobs. During this same period, the Regional Economic Development Revolving Loan Fund Program for Day Care provided one loan to a business for \$300,000.

Assessment: The program has been successful at deploying economic development funds at the local level. FAME monitors local activity through site audits and semi-annual reporting.

Calendar Year	'10	'11	'12	'13	'14	'15	'16	'17
Number of Loans	66	58	55	43	48	47	67	NA
Dollar Amount of Loans	\$2,807,290	\$2,071,546	\$2,525,560	\$1,605,300	\$2,389,573	\$2,436,454	\$4,410,695	NA
Jobs Created	98	98	117	179	153	235	621	NA
Jobs Retained	372	186	155	112	172	147	720	NA

REVENUE OBLIGATION SECURITIES PROGRAM (ROSP)

Statute: 10 MRSA § 1041 et seq

Rules: Yes

Goal: To stimulate and promote continued state-wide economic growth in all manufacturing sectors by delivering affordable capital to business engaged in value-added production. Provides manufacturing borrowers with access to FAME-issued tax-exempt bond financing, and is ideally suited for borrowers that propose to arrange their own credit enhancement.

Eligibility: Any commercially viable manufacturing borrower (criteria determined by the Internal Revenue Code) proposing to use bond or lease proceeds for the purchase, construction or installation of manufacturing real estate or machinery or equipment. Also for any non-profit, non-health, or non-secondary educational institution proposing to construct real estate, acquire machinery and equipment or refinance existing debt.

Activity Summary: The statutory authority permits FAME to issue the bonds on a recourse or non-recourse basis.

Assessment: The program is worthwhile and effective at providing access to affordable financing for economic development.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Number of bonds	5	2	2	5	5	3	2	7
Dollar amount of bond	\$31,411,900	\$10,900,000	\$18,847,000	\$51,135,000	\$151,600,000	\$47,942,500	\$10,900,000	\$156,500,000

SECONDARY MARKET TAXABLE (SMART) BOND PROGRAM

Statute: 10 MRSA §§ 1053, 1054

Rules: Yes

Goal: To provide an incentive to a broad range of commercial enterprises to expand operations, thus enabling FAME to promote its mission of economic development state-wide. This program fills a void in the state's capital infrastructure by offering an economic incentive to encourage business expansion to non-manufacturing enterprises. Provides a low-cost opportunity for a broad range of commercial enterprises to finance the purchase of equipment or real estate for broader use than manufacturing. Taxable bonds are credit-enhanced by FAME and typically privately placed with the Maine Public Employees Retirement System (MePERS) at attractive long-term fixed rates. The "SMART" bond, like its sister program "SMART-E" bond, "brings Wall Street to Maine Street." Through this program, small, unrated commercial enterprises borrow at rates similar to the same capital market rates as *Fortune 500* companies.

Eligibility: A credit-worthy commercial enterprise acquiring tangible assets used in business.

Activity Summary: These bonds are typically placed with MePERS at attractive, long-term fixed rates, and the savings are passed along to the borrower.

Assessment: The program is a worthwhile tool for encouraging business expansion into non-manufacturing ventures.

SECONDARY MARKET TAX-EXEMPT (SMART-E) BOND PROGRAM

Statute: 10 MRSA § 1053

Rules: Yes

Goal: To stimulate and promote continued state-wide economic growth in all manufacturing sectors by delivering affordable capital to businesses engaged in value-added production. Provides tax-exempt bond financing for manufacturing borrowers in conjunction with FAME loan insurance. Bonds labeled as "SMART-E" are issued under FAME's Revenue Obligation Securities Program. They are credit-enhanced via FAME using its capacity to pledge moral obligation. Through this program, small, unrated manufacturing businesses gain access to the same capital markets accessed by Fortune 500 companies.

Eligibility: A manufacturing borrower proposing to use bond or lease proceeds for the purchase, construction or installation of manufacturing real estate or machinery or equipment. The business borrower must be a commercial-grade credit capable of servicing the proposed bond debt.

Activity Summary: These bonds are variable-rate, tax-exempt issues typically bought by financial institutions. The savings from these attractive long-term rates are passed on to the borrower. In the past, the economy was robust enough to permit bond issues to occur without the need for FAME credit enhancement. The current climate may necessitate increased usage of such enhancements, however.

Assessment: The program helps to provide capital for important manufacturing sectors of Maine's economy.

STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI):

Statute: Small Business Jobs Act of 2010 (federal)

Rules: Yes

Goal: This program provides financing through the FAME Direct Loan program, the Maine Venture Fund, and the Regional Economic Development Revolving Loan Program. The goal of this program is to stimulate private financing. Unlike other programs, funds are available to both businesses and commercial lenders.

Eligibility: Businesses applying for SSBCI funding through one of the above programs must meet the standard eligibility requirements of the respective program.

Activity Summary: Through October 17, 2017, Maine's program made or obligated 101 loans or investments totaling the \$10,132,159. In FY 17, the following loans and investments occurred through the program: \$321,500 for the FAME Direct Loan Program; \$1,384,443 for the Regional Economic Development Revolving Loan Program (REDRLP), which is administered by FAME in conjunction with participating regional economic development agencies; and \$1,008,333 for the Maine Venture Fund.

Assessment: This federal program, which is winding down, was successful at stimulating economic development during the recent economic downturn.

	<u>Number of Loans</u>	<u>Rural</u>	<u>Metro and Larger Communities</u>
ERLP /FAME Direct	13	5	8
REDRLP	55	31	24
SEGF	<u>33</u>	<u>15</u>	<u>18</u>
Totals	101	51	50

Job generation and retention through October 17, 2017

<u>Year</u>	<u># Loans/Investments</u>	<u>Jobs Created</u>	<u>Jobs Retained</u>	<u>Total Jobs</u>
2011	1	3	4	7
2012	11	43	109	152
2013	6	51	84	135
2014	10	146	131	277
2015	15	47	230	277
2016	32	71	49	120
2017	<u>26</u>	<u>211</u>	<u>217</u>	<u>428</u>
Totals	101	572	824	1,396

WASTE MOTOR OIL DISPOSAL SITE REMEDIATION PROGRAM

Statute: 10 MRSA §§1020, 1020-A – 1020-C, 1041 et seq.

Rules: Yes

Goal: Authorized issuance of bonds to generate the funds needed to assist the responsible parties in paying for their shares of the final remediation costs in connection with waste motor oil disposal sites in Plymouth, Casco, Ellsworth, and Presque Isle and reimbursing them for costs paid prior thereto. This program was created in 2007 and authorized FAME to issue bonds through the Revenue Obligations Securities Program for purposes of paying for eligible response costs incurred or to be incurred by eligible responsible parties. Payments on the bonds continue with revenues generated by a premium on the sale or distribution of certain motor vehicle oils in the state.

Eligibility: To be eligible to receive the benefit of the bond proceeds at a given site, a party must have contributed waste motor oil to a site and be identified as a “responsible party” at the site, and be among the following: (a) parties that are insolvent, defunct or unlocated as determined by the EPA or the DEP; (b) parties with a “limited ability to pay” determination; (c) parties responsible for less than 110 gallons of waste motor oil at a site; (d) the state and various subdivisions and components thereof; (e) certain franchised new car and truck dealers; (f) certain used car and truck dealers; (g) certain parties that performed repairs in the state on motor vehicles owned by third parties; (h) certain parties that performed repairs on their own fleets of motor vehicles in the state; and (i) certain parties that performed repairs on special equipment or special mobile equipment in the state.

Activity Summary: Over \$3 million in premiums were collected by the State Tax Assessor in calendar year 2016. The annual premiums are used by FAME to pay debt service on the \$14,495,000 Finance Authority of Maine Waste Motor Oil Revenue Bonds 2009 Series A (Federally Taxable) issued by FAME in September 2009, and to pay FAME’s reasonable costs incurred in administering the Waste Motor Oil Revenue Fund. The maturity schedule and interest rates for the ~~outstanding~~ bonds are as follows:

\$3,505,000 matured 10/1/14 (4.55%)
\$3,180,000 matures 10/1/19 (5.80%)
\$2,935,000 matures 10/1/24 (6.40%)
\$4,875,000 matures 10/1/29 (6.75%)

Assessment: In conjunction with the Plymouth Waste Oil Loan Program, the program has successfully paid for the response costs of eligible responsible parties, including significant reimbursement to the Uncontrolled Sites Fund for response costs incurred by the Maine Department of Environmental Protection.

ALFOND LEADERS PROGRAM

Statute: None. This is a privately funded program administered by FAME on behalf of the Harold Alfond Foundation.

Rules: No.

Goal: This student debt reduction program provides loan repayment assistance to people who live and work in Maine in a STEM (Science, Technology, Engineering and Math)-designated occupation at a Maine-based employer. Alfond Leaders may qualify for loan repayment up to half of their outstanding student loan balance at the time of application to the program, not to exceed \$60,000.

Eligibility: Maine residents or persons who will become Maine residents upon being hired by a Maine-based employee. A person employed, or who will be employed, by a Maine-based employer in a designated STEM occupation. Applicant must have a higher education degree or certificate. An applicant must have outstanding student loan debt. Preference may be given to applicants working full-time in certain STEM occupations as determined by FAME in cooperation with the Alfond Leaders Advisory Committee.

Activity Summary: In September 2017, the Harold Alfond Foundation and FAME announced the first class of Alfond Leader awardees, who collectively will be awarded up to \$685,000 in student loan debt relief. A second application cycle also is being launched, with applications due by November 15, 2017. During the first round, over 400 applications were reviewed and twenty awardees were chosen.

Assessment: The Alfond Leaders program was originally launched in late February 2017, with the first awards being announced in September 2017. This privately funded, competitive program shows great promise.

COLLEGE ACCESS AND FINANCIAL EDUCATION

Statute: 20-A MRSA § 12671

Rules: No

Goal: FAME's College Access and Financial Education (CAFÉ) Team provides comprehensive college access and financial education services to students and schools throughout the state of Maine. We provide outreach and support services to Maine schools, including K-12 schools, colleges and postsecondary institutions, and adult education programs. The CAFÉ team offers services and resources to help students and families, and professionals that work with them, prepare to pay for college, with a focus on college savings, financial aid and financial education. FAME strives to help all Maine families reach their higher education goals by providing free information on planning and paying for higher education, career preparation, and financial education, including responsible borrowing.

Eligibility: All Maine residents, with a focus on students, families and education professionals at the elementary school, middle school, high school, college and adult learner levels.

Activity Summary: Financial aid and college savings information sessions are held throughout the year, with our cornerstone Financial Aid Night presentations being provided in high schools primarily during the spring and early fall. The Free Application for Federal Student Aid (FAFSA) becomes available on October 1 each year and FAFSA completion events begin in early October. FAME's CAFÉ Team hosts In-Person FAFSA Completion events and provides statewide partners with training and resources (both hard copy and electronic) to promote FAFSA completion. In addition, FAME utilizes email and social media campaigns to inform school counselors, as well as students and parents, of important information and the resources available to help navigate the process

To support FAFSA completion, FAME launched its FAFSA Portal in January of 2016. The FAFSA Portal allows authorized high school counselors to access student specific FAFSA completion information for their high school seniors. Access to this information was expanded to Career and Technical Education Centers in January of 2017 and will be further expanded to approved designated entities (e.g. TRIO programs) in January of 2018. This initiative allows counselors and those working with high school seniors to better support students through the financial aid process and connect students who may be struggling with the additional resources. For the 2016-2017 FAFSA cycle, Maine's high school seniors had the second highest FAFSA completion rate in the nation, and the highest filing rate in the nation for those in the highest level of poverty.

FAME offers a number of financial education presentations, publications, resources, and initiatives to support K-12 through college, including Maine's adult learner population. These programs are deployed by FAME's CAFÉ team, as well as through numerous partnerships that have been established to increase FAME's capacity to deliver financial education statewide. FAME's Claim Your Future[®] game encourages students to explore options for education after high school, future careers, and money management. FAME's CAFÉ team presents Claim Your Future in Maine classrooms and free game kits are available to all Maine schools. The game is also available online at ClaimYourFuture.com. In FY17, Claim Your Future marked an

important milestone, reaching 1 million page views. In addition, over 20,000 individuals from 65 countries played the game online.

To support Maine's high school and college-going population, FAME has established an innovative partnership with American Student Assistance (ASA) to provide all Maine high schools and colleges with access to SALT, a national, industry-leading financial education program created by ASA. SALT's interactive money management lessons, scholarship search tools, and financial aid resources provide a valuable complement to FAME's efforts in assisting Maine students and families as they pursue higher education. In addition to SALT, FAME also utilizes iGrad® Financial Literacy to educate borrowers participating in the Maine Private Education Loan Program, the Maine Loan and the student loan refinance program.

FAME also hosts a VISTA volunteer focused on financial capability initiatives in partnership with Goodwill Industries of Northern New England, Goodwill VISTA Partnership. FAME's VISTA program is focused on supporting statewide financial education programs, with a specific focus on teacher training. In addition, FAME's VISTA assists in fostering communication and statewide partnerships, and works to raise awareness of available financial education programs through the Maine Financial Education Clearinghouse.

FAME is a founding supporter of the Maine Jump\$tart Coalition for Personal Financial Literacy. Mary Dyer, FAME's Financial Education Officer, has served as President of the Coalition for the past several years. Working collaboratively, the Coalition focuses its efforts on providing training and support to Maine educators, while promoting educational resources and fostering communication among agencies and individuals who provide financial education to Maine families.

Over 175,000 free financial aid and financial education focused publications are distributed each year. One of our newest publications, the Lifetime Learning Kit, is a customizable expandable folder of information, designed with adult students in mind. These publications can be ordered from our website, as well as viewed and shared electronically. FAME also offers a series of short videos designed to help students and families navigate and understand the financial aid process, as well as FAME's 5 on the 5th, a monthly email series that shares financial aid and financial education tips with our partners, students and parents, and our subscribers.

The CAFÉ team continues to offer numerous in-person training sessions for counselors, as well as access professionals, Adult Education and financial aid professionals throughout the year. Our premier event is Financial Aid 101, where over 150 professionals join us for a day-long training. Our in-person training sessions are supplemented by our Wednesday Webinar series, which are held on the second Wednesday of each month during the school year.

FAME works with a variety of partner organizations to ensure that we supplement, but not duplicate each other's work. As an example, FAME partners with GEAR UP and the MELMAC Foundation to fund the Maine College Access Network (MaineCAN) College Access Project Coordinator position. As partners we have focused on *summer melt* (the concerning phenomenon where approximately 20% of students who have committed to continuing their education and paid their admission deposit, "melt away" over the summer and don't end up attending school in the fall). The Summer Melt Pilot results have been very positive and work in this area, and other important areas, will be continuing.

In FY17 alone, FAME's CAFÉ Team coordinated and participated in the following outreach activities:

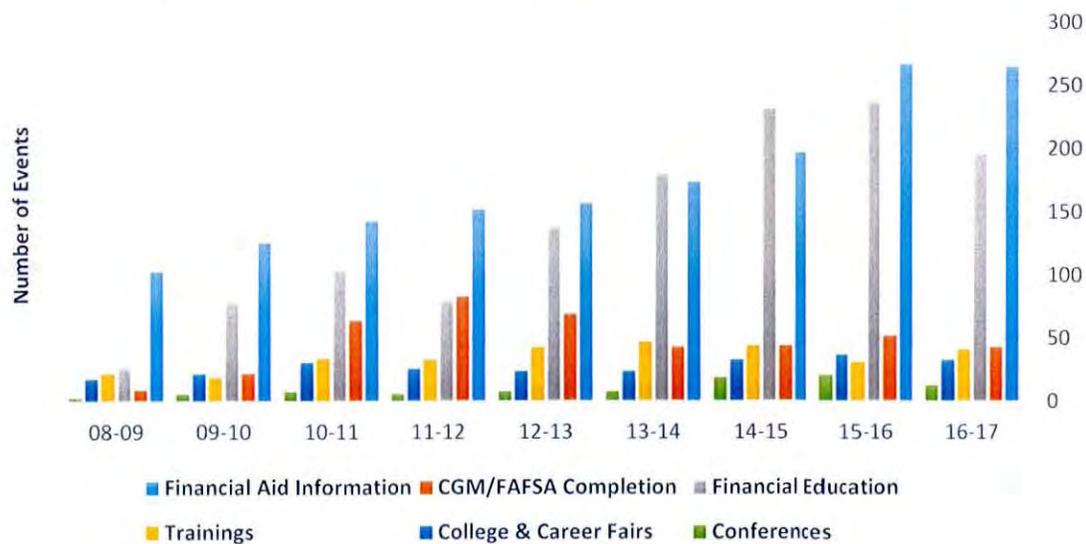
- 265 financial aid information sessions and workshops for 8,534 Maine students and families
- 41 training workshops for 1,407 counselors and advisors
- 43 workshops attended by 786 individuals to help students complete the Free Application for Federal Student Aid (FAFSA)
- 196 financial literacy workshops for 3,762 students
- 33 college and careers fairs attended by 13,350 students

A colored chart below details the various and growing events and activities over the past ten years.

Assessment: This important and growing work is essential to ensuring that more Mainers receive some form of affordable higher education in order to meet the changing needs of Maine's economy. The CAFÉ team will continue to provide outreach in a variety of ways (in person and electronically) to ensure that all citizens throughout Maine have access to our information and resources, regardless of location and preferred learning style. Additionally, we will continue to advocate on behalf of students and work with post-secondary institutions in an attempt to simplify and streamline the process so students' plans and goals aren't derailed due to unnecessary barriers.

College Access and Financial Education 2008-2017		
Event Type	Events	Attendance
Financial Aid Information	1,584	60,850
CGM/FAFSA Completion	429	9,344
Financial Education	1,272	36,908
Trainings	314	8,509
College & Career Fairs	248	146,307
Conferences	92	11,642
TOTAL	3,939	273,560

College Access and Financial Education Events
2008-2017



DOCTORS FOR MAINE'S FUTURE SCHOLARSHIP PROGRAM

Statute: The goal of the program is to increase the number of physicians in the state who practice in primary care, underserved specialties or underserved areas of Maine. Provides a \$25,000 scholarship annually for up to four years to Maine residents attending medical school at either University of New England College of Medicine or at Tufts University School of Medicine-Maine Medical Center Program (Maine Track Program). Schools must provide an equal number (match) of \$25,000 scholarships to Maine resident students attending the school.

Rules: Yes

Eligibility: Students who are or will be enrolled in a qualifying Maine-based medical school program are eligible for the scholarship. The student must have a substantial connection to the state of Maine and at least one year of residence in Maine for purposes other than education. Priority is given to medical students who meet at least two of the following:

- The student has received a high school diploma, or its equivalent, in Maine,
- The student has received a baccalaureate degree from a four-year college or university in Maine,
- The legal residence of the student's parent(s) or legal guardian(s) is in Maine

Activity Summary: Annually the program awards between six and eight scholarships, which are matched by the two participating medical schools.

Assessment: The medical scholarships provide a tuition subsidy of fifty percent of the cost of attendance annually, up to a maximum of \$25,000 per student annually, for eligible students who enter qualifying Maine-based medical school programs. For each student funded with a Doctors for Maine's Future Scholarship, the participating medical schools fund an additional scholarship on similar terms. Thus, the program in effect has a 1:1 match ratio. The goal of the program is to increase the number of physicians in the state who practice in primary care, underserved specialties or underserved areas of Maine. The Maine Medical Center-Tufts University Medical School and the University of New England College of Osteopathic Medicine are currently participating in the program. \$400,000 of the appropriation will be used to help fund this program.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Grants Disbursed (dollars)	\$150,000	\$350,000	\$525,000	\$700,000	\$850,000	\$737,500	\$862,500	\$750,000
# New Grantees	6	8	7	9	8	8	8	6
Total # Students Assisted (new and continuing)	6	14	21	28	34	30	35	30

**EDUCATIONAL OPPORTUNITY TAX CREDIT MARKETING FUNDS
(aka “Opportunity Maine”)
(note: FAME administers marketing funds only; the overall program is
administered by Maine Revenue Services)**

Statute: 36 M.R.S.A. §§ 5217-D

Rules: Yes (MRS)

Goal: The \$22,000 in “pass-through” money is used for marketing this tax credit, which some of you may know as “Opportunity Maine,” the organization that initially spearheaded its creation. The credit is designed to help cover the repayment of student loans for eligible Maine students who work and pay taxes in the state after they graduate from higher education. FAME is directed by the Legislature to contract with a private, nonprofit entity to help market the underutilized tax credit. In August 2016, FAME entered into a second one-year contract with the Maine Development Foundation and Live and Work in Maine, LLC, to help publicize the program.

Eligibility: Maine Revenue Services administers the program and is most expert at it, but individuals who graduated in 2016 or after are eligible for the credit if they:

- Are Maine resident for the tax year;
- Work in Maine during the tax year, regardless of where the employer is located (includes self-employment);
- Earned a Bachelors or Associates degree after 2007 and before 2016 from a Maine school, OR earned a Bachelors or Associates degree after 2015 from any accredited school in the United States OR earned a Graduate Degree from a Maine school after 2015;
- Did not work outside of Maine for more than three months of the tax year. (e.g., on temporary transfer, as a digital nomad, on excursions, etc.);
- Are deployed for military service outside of Maine;
- Serve on a vessel at sea, but declare your residency when not at sea to be in Maine.

For eligibility details for individuals who graduated *prior to 2016*, please see helpful chart at LiveandWorkinMaine.com

Activity Summary: MRS keeps the detailed statistics on utilization of the credit, but as far as marketing, FAME can report that LiveandWorkinMaine.com has designed a useful website setting forth program details. They also have increased marketing efforts to Maine businesses, which have not taken advantage of the program in great numbers.

Assessment: We continue to believe that the tax credit is overly complicated and underutilized. Last session we supported legislation to increase marketing funds for the credit to help us better publicize it, but the bill was defeated. The Taxation Committee has carried over to this session, however, a bill to greatly simplify the credit, which we support.

EDUCATORS FOR MAINE PROGRAM

Statute: 20-A MRSA § 12501 et seq.

Rules: Yes

Goal: To encourage teaching in Maine in exchange for loan forgiveness. A renewable, merit-based forgivable loan program for undergraduate and graduate students pursuing careers in teaching, speech pathology, or child care. Loans are forgiven if the recipient is an educator or speech pathologist in an eligible elementary or secondary school or a quality child care program in the state of Maine. Loan recipients who are Jobs for Maine's Graduates specialists may also be eligible for forgiveness in this program. Otherwise, the loan must be repaid at a fixed interest rate determined at the time of the loan approval. Students may receive \$3,000 per year for a total of up to \$12,000 for undergraduate and \$2,000 per year for a total of up to \$8,000 for graduate studies.

Eligibility: All applicants must be Maine residents. High school students and GED recipients must be in the top 25% of their class. Undergraduate college students and post-baccalaureate students applying for the first time must have GPAs of at least 3.0 (renewals must have 2.5 GPAs). Post-baccalaureate students must be currently enrolled or have applied for enrollment in a post-baccalaureate course of study leading to certification as a teacher or speech pathologist. Preference will be given to applicants who are enrolled or intend to enroll in a program that has been determined to be an underserved subject area. Teachers who are already certified do not qualify for EFM loans.

Assessment: For FY 17, twenty new loans were disbursed, while thirty-seven renewal loans were made. This program is funded by a General Fund appropriation and loan repayments. In FY 18, FAME will be doubling the number of annual awards from twenty to forty.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Loans disbursed	\$822,394	\$561,140	\$438,733	\$300,500	\$239,500	\$208,000	\$175,000	\$160,500
Forgiveness awarded	\$714,462	\$650,807	\$511,844	\$531,437	\$518,275	\$460,178	\$360,732	\$358,014
Students assisted	273	193	153	103	83	71	60	57

FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP)

Statute: 20-A MRSA § 11401 et seq.

Rules: No (federal program)

Goal: Provides Maine students and their families with education loans to access higher education and assist with paying for costs associated with attending post-secondary colleges and universities.

Eligibility: Program is closed to new participants. Formerly eligible to any Maine resident attending an eligible post-secondary school at least half-time and any U.S. citizen, U.S. national, or eligible non-citizen attending an eligible post-secondary institution located in Maine.

Activity Summary: Pursuant to federal legislation, no new loans were originated in this program after July 1, 2010. The program is winding down and FAME's portfolio of outstanding federal student loans for which it provides a guarantee as of June 30, 2017 was \$385,734,641.

Assessment: With the program winding down, FAME's primary goal is to ensure an orderly wind-down by the federal government. As such, we are in frequent contact with our congressional delegation and the U.S. Department of Education about the need for such things as the continued payment of account maintenance fees and developing a specific process for guaranty agencies interested in relinquishing their FFELP portfolios and the criteria and process the Department will use when selecting successor agencies. We are pleased to note that Maine's cohort default rates historically rank among the lowest in the nation. FAME provides counseling to high-risk borrowers who withdraw from school, or who have accumulated excess educational loan debt and who may experience difficulty in repaying their loans, about their options.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Number of Loans Outstanding	198,371	145,007	125,779	106,754	93,245	80,038	68,577	58,418
Outstanding Balances Guaranteed	\$977,303,912	\$765,011,295	\$689,827,520	\$614,937,159	\$558,043,480	\$498,961,353	\$440,897,521	\$385,734,641

JOHN R. JUSTICE GRANT PROGRAM

Statute: Yes (federal)

Rules: Yes

Goal: Provides loan repayment assistance for state and federal public defenders and state prosecutors. Nationwide, the U.S. Department of Justice's Bureau of Justice Assistance administers the program. In Maine, FAME administers the program. The award amount is based upon funds FAME receives annually from the federal government.

Eligibility:

- State and federal public defenders and state prosecutors who agree to remain so employed for at least three years.
- Must be "continually licensed to practice law."
- Must be "full-time employees" (at least 30 hours a week).
- Eligible prosecutors are full-time employees of a state or unit of local government (including tribal government) who "prosecute criminal or juvenile delinquency cases at the state or unit of local government level."
- Public defenders are either full-time employees of a state or unit of local government (including tribal government) or full-time employees of a nonprofit organization operating under a contract with a state or unit of local government who "provide legal representation to indigent persons in criminal or juvenile delinquency cases."
- Full-time federal defender attorneys in a defender organization providing legal representation to indigent persons in criminal or juvenile delinquency cases pursuant to Subsection(g) of section 3006A of Title 18, United States Code.
- Attorneys providing supervision, education, or training of other persons providing prosecutor or public defender representation.
- Attorney must not be in default on repayment of any federal student loans.
- Prosecutors who are employees of the federal government are not eligible. Also, elected prosecutors are ineligible.
- Attorneys who are in private practice (and not a full-time employee of a non-profit organization) are not eligible, even if providing public defense services under contract to the state. This includes the vast majority of Maine's criminal defense bar.

Activity Summary: In recent years, FAME has made loan repayments averaging \$2,000 per year each on behalf of fourteen Maine prosecutors. FAME has administered the program for the past seven years. We are not applying for a new round of funding, however. The Maine Prosecutors Association and the Maine Office of the Attorney General have submitted an application to administer the program.

Assessment: The program is underfunded by the federal government and requires numerous reports. Funds have been transferred late to FAME numerous times.

MAINE AREA HEALTH EDUCATION CENTERS (pass-through funding to the University of New England)

Statute: 20-A MRSA § 12851 et seq.

Rules: No

Goal: To improve the distribution, supply, quality, utilization and efficiency of health personnel in underserved geographical, cultural or medical specialty areas of the state by encouraging the regionalization and decentralization of educational responsibilities, and to develop culturally appropriate clinical curriculums at participating health professions schools. This is “pass-through” money that FAME transfers to the University of New England, which helps to fund the rural health workforce development programs in the Area Health Education Centers, located in Bangor, Farmington and Presque Isle. These funds are matched 1:1 by HRSA. Funds are allocated to this program from the Fund for a Healthy Maine. FAME disburses funds to the University of New England in quarterly installments.

Eligibility: Community-based area health education centers and the statewide consortium for health professions education are responsible to the system for the programs and initiatives they agree to provide through contracts with the system and may develop initiatives, programs and contracts with other public and private agencies and educational institutions.

Activity Summary: For calendar year 2015-16, there were 4,130 total participants in AHEC programs statewide. The network arranged 236 clinical rotations in Maine for medical, dental, nurse practitioner, physician assistant, occupational therapy, social work, pharmacy, and nursing students from twenty-five colleges, universities, and training programs in Maine and nationally. These students were placed in medically underserved and rural areas. The network also provided continuing education programs for over 2200 attendees across the state and most in rural communities. 63% of attendees met licensure and recertification requirements as a result. The program received state funding of \$110,000 in FY 17-18 and \$110,000 in FY 18-19 from Fund For a Healthy Maine allocations.

Assessment: The program appears to be meeting its goal of improving the distribution, supply, quality, utilization and efficiency of health personnel in underserved areas in Maine.

MAINE COLLEGE SAVINGS PROGRAM d/b/a THE NEXTGEN COLLEGE INVESTING® PLAN

Statute: 20-A MRSA § 11471 et seq

Rules: Yes

Goal: To provide a tax-deferred way for families to save for higher education expenses and replace higher education debt with savings. To provide matching incentives to encourage Maine families to contribute to their children's accounts. The Maine College Savings Program, named the NextGen College Investing Plan® or NextGen®, was established by the Maine Legislature in 1998 as a qualified state tuition program pursuant to Section 529 of the Internal Revenue Code to encourage Maine families to save and invest for higher education expenses. Earnings grow and withdrawals are federal and Maine state income tax-free when used for qualified higher education expenses

Eligibility: There are no residency requirements to participate in NextGen. There are no income limits, no limit on the lifetime of the accounts, and the account owner may change the designated beneficiary to another person at any time. Accounts can be set up for any child or grandchild, friend or relative regardless of income, residency or the age of the beneficiary. Assets can be used at eligible U.S. accredited postsecondary institutions, including graduate schools, trade schools and some foreign institutions.

Activity Summary: NextGen is now the sixth-largest college savings program in the country, with over \$9.4 billion in assets. FAME provides a \$200 Initial Matching Grant to eligible Maine families when they open a NextGen account. We also provide a fifty percent match of eligible contributions made to Maine accounts, up to a \$300 grant per calendar year per beneficiary. FAME provides a one-time \$100 grant to Maine account owners who make six qualifying automatic contributions to their accounts directly from a bank account or via payroll deduction. In 2008, the Harold Alfond College Challenge was launched, making a \$500 gift for college education through a NextGen account available to every eligible Maine resident baby. As of September 30, 2017, there are 34,440 babies born as Maine residents who have a NextGen account opened using the \$500 Alfond Grant. A total of 77,854 Alfond Grants have been awarded for Maine children.

Assessment: The program has been a great success in encouraging college savings and providing matching grants to Maine families.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Total Contributions	\$645,430,322	\$756,059,821	\$740,947,178	\$878,707,389	\$946,648,559	\$987,662,181	\$917,849,241	\$974,151,808
Total New Accounts	23,797	28,077	32,616	39,857	45,995	46,044	40,362	37,580
# Total Grants Awarded (\$\$)	11,149 (\$5,519,738)	11,171 (\$4,735,236)	14,120 (\$5,757,962)	16,453 (\$7,618,024)	16,960 (\$4,812,601)	20,676 (\$7,334,422)	20,519 (\$8,199,136)	22,255 (\$7,937,073)

MAINE DENTAL EDUCATION LOAN AND LOAN REPAYMENT PROGRAM

Statute: 20-A MRSA § 12104

Goal: The Maine Dental Education Loan and Loan Repayment Programs are intended to increase access to dental care to under-served populations in Maine. The programs provide need-based, subsidized dental education loans to Maine residents attending dental school or repayment of dental education loans for dental service providers or by providing funds for the repayment of dental education loans. The loan and loan repayment recipients must provide dental services regardless of the patient's ability to pay. Up to \$20,000 of forgivable loans or loan repayment are available per year of services for up to four years, for a maximum of \$80,000.

Eligibility: All applicants must be Maine residents. Applicant must provide all financial aid information requested by FAME and must demonstrate financial need for a loan. Applicant must be admitted to an accredited dental school. Applicant must demonstrate interest in practicing primary dental care in an underserved area. Applicant must submit an essay to help selection committee assess applicant's knowledge of areas that lack access to dental care and knowledge of or experience in working with indigent populations.

Assessment: The program has been successful at encouraging dentists to locate in Maine and work in underserved areas to help address Maine's dental shortages. It receives Fund for a Healthy Maine funding of \$237,740 in each year of the biennium. FAME has been able to leverage money in this program twice in the loan repayments program: once through a Health Resources and Services Administration (HRSA) grant, and another time with Delta Dental money. Thus, the program has been efficient and innovative.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Loans Disbursed (dollars)	\$140,000	\$200,000	\$160,000	\$230,000	\$220,000	\$260,000	\$240,000	\$240,000
Loan Repayments	\$100,000	\$40,000	\$20,000	\$100,000	\$125,675	\$130,000	\$130,000	\$90,000
Total Number of Loan and Loan Repayments	12	12	9	16	17	22	21	18

MAINE HEALTH PROFESSIONS LOAN PROGRAM

Statute: 20-A MRSA § 12104

Rules: Yes

Goal: To encourage primary care physicians to practice in underserved areas of the state. This program offers need-based loan of up to \$25,000 per year for Maine residents pursuing post-graduate medical, dental, or veterinary education. A few years ago, due to budgetary constraints, FAME transitioned the program from more expensive forgivable loans to low-to-zero interest loans for students. The Advisory Committee on Medical Education provides advice and medical community input to the process.

Eligibility: All applicants must be Maine residents. Applicant must be admitted to a program of allopathic, osteopathic, optometric, veterinary medicine or dentistry at an accredited institution.

Assessment: Funding is derived from a combination of loan repayments and General Fund appropriations. The program has been successful at encouraging primary care physicians to locate and practice in underserved areas of the state.

Year	'10	'11	'12	'13	'14	'15	'16	'17
Loans Disbursed	\$735,500	\$516,500	\$428,500	\$505,500	\$602,000	\$817,990	\$868,316	\$851,556
Loan Repayments	\$554,110	\$477,189	\$585,383	\$562,040	\$680,274	\$714,339	\$1,279,921	\$824,724
Number of Students Assisted (loans and forgiveness)	94	67	60	57	59	65	65	61

MAINE MEDICAL FOUNDATION EDUCATION LOAN

Statute: None. This is a privately funded program administered by FAME on behalf of the Maine Medical Foundation/Maine Medical Association.

Rules: No.

Goal: Established in 1959 by the Maine Medical Association (MMA) to make loans available to Maine residents enrolled in or accepted to approved medical schools. Loans range from \$2,000 to the full cost of an education. These loans can be used to fill the gap between federal loan programs and the full cost of education.

Eligibility:

- Maine residents accepted by or enrolled in approved medical schools
- Must be a member of the American Medical Association and the Maine Medical Association
- Student must be pursuing a degree of Doctor of Medicine (MD) or Doctor of Osteopathic Medicine (DO)

Activity Summary: Over the past 50 years, over \$5 million has been loaned to deserving medical students.

Assessment: FAME recently began administering this program on behalf of the Maine Medical Association.

MAINE MEDICAL LOAN

Statute: 20-A M.R.S.A. § 11422

Rules: Yes

Goal: Provides a low, fixed interest rate loan option for Maine students pursuing medical education and who need to borrow for their education expenses. The loan is a credit-based program, therefore students and/or co-borrowers need to meet established credit criteria in order to qualify for the loan. FAME administers the program. Students apply for the loan annually and may borrow up to the entire cost of attendance for their medical school program less any financial aid received from their school.

Eligibility:

- Student must be a Maine resident attending an approved medical school at least half-time in the United States or Canada or an out-of-state student attending an approved medical school at least half-time in Maine.
- At least one of the borrowers must be a U.S. citizen or permanent resident.
- All borrowers must have a valid U.S. Social Security number.
- Student must have a minimum of two (2) years of credit history and a minimum of three (3) trade lines on their credit report.
- In addition, the credit report for the student must show the following:
 - ✓ No record of a paid or unpaid charge-off in the past two (2) years;
 - ✓ No negative public record items (e.g. foreclosure, repossession, open judgment, unpaid tax lien, etc.) for the past seven (7) years; and
 - ✓ No record of bankruptcy in the past seven (7) years.
- If a student borrower does not meet the eligibility requirements, then it will be necessary to apply with one or more creditworthy co-borrowers. The co-borrower(s) must meet FAME's credit underwriting standards which include:
 - ✓ A debt-to-income ratio not to exceed 50%;
 - ✓ A minimum annual income of at least \$20,000 for the applicants for a loan as a group when more than one borrower exists; and
 - ✓ Creditworthiness as determined by review of a credit report obtained from a nationally recognized credit bureau.

Activity Summary: In FY 17, 6 loans totaling \$144,560 were made. In FY 16, 10 loans were made totaling \$169,500.

Assessment: The program fills an important gap for medical school borrowers requiring additional higher education financing after federal loans and other financial aid have been exhausted.

MAINE STATE GRANT PROGRAM

Statute: 20-A MRSA § 16111 et seq.

Rules: Yes

Goal: The state's only need-based grant program, it provides grants to undergraduate students attending eligible institutions in Maine and select other states. The program provides grants averaging from \$1,700 (full-time) to \$750 (part-time) to help Maine students and families meet the costs of higher education.

Eligibility: Students apply using the *Free Application for Federal Student Aid (FAFSA)*. Grants are available to Maine residents who are attending eligible degree-granting institutions in Maine. Students must be enrolled at least half-time in an undergraduate program at an eligible institution. Because this is a need-based grant, one's expected family contribution (EFC) must not exceed the maximum EFC set in any given year. The maximum EFC for the 2017–2018 academic year is 3,600. Students enrolled in NEBHE's Tuition Break Program, the New England Regional Student Program, may also be eligible.

Activity Summary: This program is funded through a General Fund appropriation. In FY 17, almost 12,000 students were awarded grants.

Assessment: Maintaining and/or increasing funding for this important program is a top FAME legislative priority. Although the Legislature has increased funding for the program in recent years, the maximum award remains insufficient to offset the continuously increasing rise in college costs. The full-time award ideally should be around \$2,500 instead of the current \$1,700. The program is delivered using an efficient, web-based process that significantly reduces processing time and errors. It is able to deliver funds to schools and students in a significantly improved timeframe.

Year	'10	'11	'12	'13	'14	'15	'16	'17
MSGP Dollars disbursed	\$8,357,255	\$10,388,142	\$10,136,000	\$9,554,926	\$9,667,147	\$9,599,689	\$14,590,363	\$16,004,509
# Students Assisted	10,621	14,068	10,677	10,192	10,261	12,809	12,901	12,229

STUDENT LOAN INSURANCE (In-school and Refinance)

Statute: 20-A M.R.S.A. § 11458 et seq.

Rules: Yes

Goal: Provides Maine-based lending options for Maine students pursuing higher education or Maine student loan borrowers in repayment who would like to refinance/consolidate all or part of their existing student loans. FAME provides a loan guarantee (insurance) on loans made by participating Maine lenders. Loans are credit-based, therefore borrowers and/or co-borrowers need to meet established credit criteria in order to qualify for the loan and in order for the lender to receive the loan guarantee. Interest rates and fees are set by the Maine-based lender in conjunction with FAME. FAME administers the guarantee fund, insurance claims for defaulted loans and facilitates the relationship between Maine-based lenders and loan origination as well as loan servicing vendors.

Eligibility:

In-School Student Loan Insurance

- Undergraduate and graduate students are eligible to apply
- Applicant must be age of majority (in Maine 18)
- Must be enrolled at least half-time in a degree or certificate program
- Maine resident attending a Title IV eligible U.S. college/university
- Non-Maine resident attending a Title IV eligible Maine college/university
- Eligible school for this program:
 - ✓ All Title IV schools in Maine
 - ✓ Out of State – public or private non-profit Title IV school
 - ✓ Out of State for profit schools are not eligible
- Applicant must be U.S citizen or national, a U.S. permanent resident, or eligible non-citizen
- Must maintain satisfactory academic progress, which is determined by the college or university
- Borrower (and co-borrower) must meet credit requirements established by FAME

Refinance Student Loan Insurance (RSLI)

- Applicant must be age of majority (in Maine 18)
- Applicant must be a U.S citizen or national, a U.S. permanent resident, or eligible non-citizen

- Applicant must be a resident of Maine, graduated from a Maine high school, attended a Maine college or university or is a prior borrower with a participating Maine-based lender
- Borrower and/or co-borrower must be a party on underlying fully disbursed private education loan, federally backed education loans and/or a federal direct education loan being refinanced
- Borrower (and co-borrower) must meet credit requirements established by FAME
- Co-borrower must have two years minimum employment history

Activity Summary: The loan insurance program began in FY 14. See chart below for activity thus far. The loan refinance insurance program began in earnest in FY 17, however. \$2,551,229 in loans have been disbursed to 54 applicants.

Assessment: The programs hold promise, although it is too early to tell how effective or sustainable they are.

Loan Insurance Program

Year	'14	'15	'16	'17
\$\$ Loans Disbursed	\$276,466	\$1,603,974	\$1,714,616	\$1,777,444
Total # Loans	68	280	287	288

THE MAINE LOAN

Statute: 20-A M.R.S.A. § 11422

Rules: Yes

Goal: Provides a low, fixed interest rate loan option for Maine students and families who need to borrow for undergraduate or graduate education expenses. The loan is a credit-based program; therefore, students and/or co-borrowers need to meet established credit criteria in order to qualify for the loan. Students apply for the loan annually and may borrow up to the entire cost of attendance for their academic program less any financial aid received from their college or university.

Eligibility:

- Student must be a Maine resident attending an approved school at least half-time in the United States or Canada, or an out-of-state student attending approved schools at least half-time in Maine.
- At least one of the borrowers must be a U.S. citizen or permanent resident.
- All borrowers must have a valid U.S. Social Security number.
- Student and co-borrower(s), if applicable, must demonstrate a sound credit history and ability to repay the debt and meet FAME's credit underwriting standards, including:
 - ✓ A debt-to-income ratio not to exceed 50%;
 - ✓ A minimum annual income of at least \$20,000 for the applicants for a loan as a group when more than one borrower exists; and
 - ✓ Creditworthiness as determined by a review of a credit report obtained from a nationally recognized credit bureau.
 - ✓ For students with limited or no credit history, income, and/or employment, it may be necessary to apply with one or more creditworthy co-borrowers.

Activity Summary: FAME began administering the program in FY 16. It previously was administered by the former Maine Education Loan Authority, which the Legislature abolished in 2015. In FY 17, 972 loans were made totaling \$6,957,467. In FY 16, 1,126 loans were made totaling \$7,693,516.

Assessment: The program fills an important gap for those borrowers requiring additional higher education financing after federal loans and other financial aid have been exhausted.

TUITION WAIVER AT STATE POSTSECONDARY EDUCATIONAL INSTITUTIONS

Statute: 20-A MRS § 12551 et seq.

Rules: Yes

Goal: Provides financial assistance to the children and spouses of firefighters, law enforcement officers and emergency medical services persons who are killed in the line of duty opportunities to pursue higher education at one of the Maine's public post-secondary educational institutions. This program also provides assistance to persons who are in the custody of DHHS and resided in foster care at the time that person graduated from high school in order for that person to attend a Maine public post-secondary educational institution.

Eligibility: Tuition waivers are available for children and spouses of firefighters, law enforcement officers, and emergency medical services personnel who have been killed in the line of duty, or who died as a result of injuries received during the performance of their duties. Individuals who apply for a waiver in the Public Servant Program are funded by request. Recipients must be Maine residents attending a school within the University of Maine System, the Maine Community College System, or Maine Maritime Academy. Additionally, thirty new tuition waivers each year are available to students who were foster children under the custody of the Maine Department of Health and Human Services and for adopted persons whose adoptive parent(s) received a subsidy from the Department when they graduated from high school.

Activity Summary: FAME awards thirty new waivers per year to students who were foster children under the custody of the Maine Department of Health and Human Services. On average we award only one or two new waivers per year for children and spouses of firefighters, law enforcement officers, and emergency medical services personnel who have been killed in the line of duty, or who died as a result of injuries received during the performance of their duties. There is no funding provided for these programs; Maine's postsecondary education institutions absorb the cost.

Assessment: This program remains important and much appreciated assistance for those who are eligible.

FINANCE AUTHORITY OF MAINE
FINANCIAL SUMMARY - TOTAL

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Revenues:										
NextGen Administration Fees	7,943,612	6,442,835	7,080,474	8,183,741	8,573,222	6,965,088	8,066,446	8,606,498	8,620,883	9,042,824
Net FFELP Revenue	1,432,084	1,283,451	1,605,162	1,603,966	1,611,795	1,816,401	1,877,185	1,059,233	706,601	644,615
Maine Loan Revenue	-	-	-	-	-	-	-	-	1,318,888	709,677
Loan Insurance Fees	-	-	-	-	-	-	8,686	69,918	79,803	122,232
Appropriations	352,276	352,276	317,048	643,048	643,048	566,028	566,028	566,028	600,000	600,000
Investment & Interest Income	999,805	835,418	745,892	619,041	715,803	595,852	571,055	474,256	457,841	547,619
Net HELPP Revenue	(472,213)	(3,044,992)	(1,265,214)	67,107	-	-	-	-	-	-
Other Income	45,972	241,312	817,327	1,198,799	1,298,668	1,130,018	1,563,117	2,330,845	2,048,881	2,073,492
Sub-Total: Education	10,301,536	6,110,300	9,300,689	12,315,702	12,842,536	11,073,387	12,652,517	13,106,778	13,832,898	13,740,460
Loan Insurance Fees	674,196	764,211	803,225	811,938	841,381	1,026,878	1,132,037	1,164,016	1,297,553	1,269,744
Application & Origination Fees	406,627	234,766	279,974	303,158	210,597	477,401	479,222	466,365	311,066	491,938
Commitment Fees	254,568	219,885	190,877	196,395	334,889	207,517	147,147	275,507	189,153	214,149
Investment & Interest Income	1,457,063	1,067,052	708,204	770,906	695,464	396,570	399,509	369,800	372,595	459,082
Other Income	636,557	769,317	842,571	874,455	817,084	863,672	906,560	992,240	1,037,674	1,055,834
Sub-Total: Commercial	3,429,011	3,055,231	2,824,851	2,956,852	2,899,415	2,972,038	3,064,476	3,267,929	3,208,041	3,490,748
Total Revenues	13,730,547	9,165,531	12,125,540	15,272,554	15,741,951	14,045,424	15,716,992	16,374,707	17,040,939	17,231,208
Expenses:										
Salaries	2,494,585	2,746,744	2,934,399	2,817,926	2,801,156	2,885,889	2,958,603	3,167,864	3,571,000	3,694,079
Fringe Benefits	824,172	931,915	1,003,746	1,040,186	1,053,124	1,115,418	1,134,378	1,205,901	1,328,586	1,317,220
Marketing	263,538	293,760	300,723	393,711	315,265	434,999	611,398	733,718	659,148	704,228
Professional Fees	1,590,987	1,512,506	1,236,596	939,416	719,773	783,165	1,084,861	1,332,589	1,838,664	1,351,431
Other	919,004	1,073,291	1,067,339	1,134,278	1,109,359	1,121,901	1,023,997	1,169,998	1,148,366	1,185,327
Total Expenses	6,092,286	6,558,216	6,542,803	6,325,517	5,998,676	6,341,372	6,813,237	7,610,070	8,545,763	8,252,285
Excess/(Deficit) From Operations	7,638,261	2,607,315	5,582,737	8,947,037	9,743,275	7,704,052	8,903,755	8,764,637	8,495,176	8,978,923
Provisions - Commercial	(3,995,969)	(2,920,545)	(2,946,569)	(2,696,993)	(1,565,692)	(4,824,645)	222,723	(1,566,667)	268,389	869,603
Provisions - Education	(115,193)	(75,220)	(174,709)	(83,449)	-	-	(4,946)	(38,103)	(579,311)	263,275
Excess/(Deficit) Before Non-Operating	3,527,099	(388,450)	2,461,459	6,166,595	8,177,583	2,879,407	9,121,532	7,159,866	8,184,254	10,111,801
Non-Operating Revenue(Expense):										
Grant Revenue	13,966,502	13,800,067	14,805,576	17,892,473	19,647,254	17,127,077	15,847,491	13,582,445	20,212,657	24,989,983
Grant Expense	(14,437,127)	(13,955,067)	(14,805,576)	(18,265,173)	(19,647,254)	(17,127,077)	(15,847,491)	(13,582,445)	(20,212,657)	(24,989,983)
Program Benefits	(6,775,896)	(6,686,575)	(5,483,166)	(4,910,793)	(5,892,033)	(7,726,662)	(4,999,630)	(7,505,038)	(8,486,358)	(8,218,703)
State Transfer for Commercial Res.	1,000,000	1,000,000	-	1,000,000	(4,000,000)	1,000,000	-	5,000,000	1,000,000	1,000,000
Unrealized Gain (Loss)	56,127	1,131,692	770,577	(414,533)	(252,695)	(693,003)	(41,962)	(172,102)	319,545	(642,938)
Gain (Loss) on HELPP	-	3,149,550	6,384,595	(2,129,703)	-	-	-	-	-	-
Other	8,875	(30,433)	(38,519)	(39,473)	(51,957)	(8,141)	(87,586)	(85,168)	(72,036)	(51,811)
Total Nonoperating	(6,181,519)	(1,590,766)	1,633,487	(6,867,202)	(10,196,685)	(7,427,805)	(5,129,177)	(2,762,307)	(7,238,849)	(7,913,453)
Excess/(Deficit) Revenue	(2,654,420)	(1,979,216)	4,094,946	(700,607)	(2,019,102)	(4,548,398)	3,992,355	4,397,559	945,405	2,198,348

1. Maine Education Loan Authority merged with FAME in October, 2015.

2. Higher Education Loan Purchase Program (HELPP)

FINANCE AUTHORITY OF MAINE
FINANCIAL SUMMARY - BUSINESS PROGRAMS

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Revenues:										
Loan Insurance Fees	674,196	764,211	803,225	811,938	841,381	1,026,878	1,132,037	1,164,016	1,297,553	1,269,744
Application & Origination Fees	406,627	234,766	279,974	303,158	210,597	477,401	479,222	466,365	311,066	491,938
Commitment Fees	254,568	219,885	190,877	196,395	334,889	207,517	147,147	275,507	189,153	214,149
Investment & Interest Income	1,457,063	1,067,052	708,204	770,906	695,464	396,570	399,509	369,800	372,595	459,082
Other Income	636,557	769,317	842,571	874,455	817,084	863,672	906,560	992,240	1,037,674	1,055,834
Total Revenues	3,429,011	3,055,231	2,824,851	2,956,852	2,899,415	2,972,038	3,064,476	3,267,929	3,208,041	3,490,748
Expenses:										
Salaries	918,235	938,198	966,439	1,114,556	1,162,007	1,228,177	1,263,816	1,345,362	1,528,055	1,550,064
Fringe Benefits	279,423	291,788	318,637	365,702	399,557	436,509	463,066	491,903	554,789	523,817
Marketing	53,311	55,324	53,587	60,807	47,960	59,765	63,249	66,279	53,089	58,705
Professional Fees	237,679	329,494	271,592	180,592	179,023	166,778	350,766	263,420	300,895	194,368
Other	287,228	331,243	268,122	316,899	348,232	335,559	325,367	382,226	439,565	449,259
Total Expenses	1,775,876	1,946,047	1,878,377	2,038,556	2,136,778	2,226,787	2,466,263	2,549,190	2,876,393	2,776,213
Excess/(Deficit) From Operations	1,653,135	1,109,184	946,475	918,296	762,637	745,250	598,213	718,739	331,648	714,535
Provision for Insured Loan Losses	(3,995,969)	(2,920,545)	(2,946,569)	(2,696,993)	(1,565,692)	(4,824,645)	222,723	(1,566,667)	268,389	869,603
Excess/(Deficit) Before Non-Operating	(2,342,834)	(1,811,361)	(2,000,094)	(1,778,697)	(803,054)	(4,079,395)	820,936	(847,928)	600,036	1,584,137
Non-Operating Revenue(Expense):										
Grant Revenue	210,000	435,000	336,388	540,149	2,164,810	1,758,592	813,646	2,003,387	4,338,874	8,178,294
Grant Expense	(210,000)	(435,000)	(336,388)	(540,149)	(2,164,810)	(1,758,592)	(813,646)	(2,003,387)	(4,338,874)	(8,178,294)
State Transfer for Commercial Res.	1,000,000	1,000,000	-	1,000,000	(4,000,000)	1,000,000	-	5,000,000	1,000,000	1,000,000
Unrealized Gain (Loss)	36,905	845,064	474,800	(269,119)	(242,308)	(438,053)	(26,400)	(95,631)	183,846	(367,155)
Other	11,051	(28,207)	(38,635)	(37,177)	(46,297)	(3,938)	(48,356)	(83,975)	(62,806)	(49,108)
Total Nonoperating	1,047,956	1,816,857	436,165	693,704	(4,288,605)	558,009	(74,756)	4,820,394	1,121,041	583,736
Excess/(Deficit) Revenue	(1,294,878)	5,496	(1,563,930)	(1,084,993)	(5,091,659)	(3,521,386)	746,180	3,972,466	1,721,077	2,167,873

FINANCE AUTHORITY OF MAINE
FINANCIAL SUMMARY - EDUCATION PROGRAMS

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Revenues:										
NextGen Administration Fees	7,943,612	6,442,835	7,080,474	8,183,741	8,573,222	6,965,088	8,066,446	8,606,498	8,620,883	9,042,824
Net FFELP Revenue	1,432,084	1,283,451	1,605,162	1,603,966	1,611,795	1,816,401	1,877,185	1,059,233	706,601	644,615
Maine Loan Revenue	-	-	-	-	-	-	-	-	1,318,888	709,677
Loan Insurance Fees	-	-	-	-	-	-	8,686	69,918	79,803	122,232
Appropriations	352,276	352,276	317,048	643,048	643,048	566,028	566,028	566,028	600,000	600,000
Investment & Interest Income	999,805	835,418	745,892	619,041	715,803	595,852	571,055	474,256	457,841	547,619
Net HELPP Revenue	(472,213)	(3,044,992)	(1,265,214)	67,107	-	-	-	-	-	-
Other Income	45,972	241,312	817,327	1,198,799	1,298,668	1,130,018	1,563,117	2,330,845	2,048,881	2,073,492
Total Revenues	10,301,536	6,110,300	9,300,689	12,315,702	12,842,536	11,073,387	12,652,517	13,106,778	13,832,898	13,740,460
Expenses:										
Salaries	1,576,350	1,808,546	1,967,960	1,703,370	1,639,149	1,657,712	1,694,787	1,822,502	2,042,944	2,144,015
Fringe Benefits	544,749	640,127	685,109	674,484	653,568	678,909	671,313	713,998	773,798	793,403
Marketing	210,227	238,436	247,136	332,904	267,305	375,234	548,149	667,439	606,058	645,523
Professional Fees	1,353,308	1,183,012	965,004	758,824	540,750	616,386	734,095	1,069,169	1,537,769	1,157,062
Other	631,776	742,048	799,217	817,379	761,128	786,342	698,630	787,772	708,801	736,068
Total Expenses	4,316,410	4,612,169	4,664,426	4,286,961	3,861,898	4,114,585	4,346,974	5,060,880	5,669,370	5,476,071
Excess/(Deficit) From Operations	5,985,126	1,498,131	4,636,263	8,028,741	8,980,638	6,958,802	8,305,542	8,045,898	8,163,528	8,264,388
Provisions - HELLP	(115,193)	(75,220)	(174,709)	(83,449)	-	-	-	-	-	-
Provisions - MPELN	-	-	-	-	-	-	(4,946)	(38,103)	(39,311)	(71,725)
Provisions - Maine Loan	-	-	-	-	-	-	-	-	(540,000)	335,000
Excess/(Deficit) Before Non-Operating	5,869,933	1,422,911	4,461,554	7,945,292	8,980,638	6,958,802	8,300,596	8,007,794	7,584,217	8,527,664
Non-Operating Revenue(Expense):										
Grant Revenue	13,756,502	13,365,067	14,469,188	17,352,324	17,482,444	15,368,485	15,033,845	11,579,058	15,873,783	16,811,690
Grant Expense	(14,227,127)	(13,520,067)	(14,469,188)	(17,725,024)	(17,482,444)	(15,368,485)	(15,033,845)	(11,579,058)	(15,873,783)	(16,811,690)
Program Benefits	(6,775,896)	(6,686,575)	(5,483,166)	(4,910,793)	(5,892,033)	(7,726,662)	(4,999,630)	(7,505,038)	(8,486,358)	(8,218,703)
Unrealized Gain (Loss)	19,221	286,628	295,777	(145,414)	(10,387)	(254,950)	(15,562)	(76,471)	135,699	(275,783)
Gain (Loss) on HELPP	-	3,149,550	6,384,595	(2,129,703)	-	-	-	-	-	-
Other	(2,176)	(2,226)	116	(2,296)	(5,660)	(4,202)	(39,230)	(1,193)	(9,230)	(2,703)
Total Nonoperating	(7,229,476)	(3,407,623)	1,197,322	(7,560,906)	(5,908,080)	(7,985,814)	(5,054,421)	(7,582,702)	(8,359,890)	(8,497,189)
Excess/(Deficit) Revenue	(1,359,543)	(1,984,712)	5,658,876	384,386	3,072,558	(1,027,012)	3,246,175	425,093	(775,672)	30,474

1. Maine Education Loan Authority merged with FAME in October, 2015.
2. Higher Education Loan Purchase Program (HELPP)

FINANCE AUTHORITY OF MAINE
STATE APPROPRIATION SUMMARY

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Appropriation Received:										
Student Financial Assistance	12,761,117	12,074,552	11,485,005	10,973,453	11,073,453	10,300,954	10,445,394	10,445,394	15,670,394	17,670,394
Fund for Healthy Maine (FHM)	562,762	562,762	537,826	510,079	338,093	338,093	342,740	347,740	347,740	347,740
Total Appropriations Received	13,323,879	12,637,314	12,022,831	11,483,532	11,411,546	10,639,047	10,788,134	10,793,134	16,018,134	18,018,134
Appropriation Usage:										
Maine State Grant Program	11,511,385	10,074,821	9,841,802	9,515,802	9,714,206	9,118,727	9,254,366	9,254,366	14,445,394	16,445,394
Maine Health Professions Program	498,728	748,727	488,199	401,699	477,699	232,199	225,000	225,000	225,000	225,000
Doctors for Maine's Future	-	-	103,000	189,500	238,500	384,000	400,000	400,000	400,000	400,000
Educators for Maine Program	398,728	898,728	734,956	223,404	-	-	-	-	-	-
Administrative Costs	352,276	352,276	317,048	643,048	643,048	566,028	566,028	566,028	600,000	600,000
FHM - Health Education Centers	117,235	117,235	112,040	106,260	100,353	100,353	105,000	110,000	110,000	110,000
FHM - Dental Education Program	277,735	277,735	265,428	251,735	237,740	237,740	237,740	237,740	237,740	237,740
FHM - Quality Child Care Scholarships	167,792	167,792	160,358	152,084	-	-	-	-	-	-
Total Appropriations Usage	13,323,879	12,637,314	12,022,831	11,483,532	11,411,546	10,639,047	10,788,134	10,793,134	16,018,134	18,018,134

Coordination with Other Entities, including Alternative and Cooperative Delivery Efforts

As noted under the discussion of constituency groups, FAME often partners with other entities to deliver financial services. Lenders, investors, economic development entities and other state government agencies often collaborate with us on the delivery of business and education programs. Lenders, the Maine Association of Student Financial Aid Administrators (MASFAA), colleges, middle schools and high schools, hospitals, and government agencies all help deliver our education services. The use of intermediaries has several benefits:

- It extends FAME's reach by expanding its communication network in Maine via the intermediaries.
- It leverages state resources by requiring the intermediary to provide time and/or funds to the project, as well.
- It often helps Maine businesses and people by placing resource allocation decisions with the local communities that know their applicants well.

Three examples of programs that offer very clear alternative delivery methods are the Agricultural Marketing Loan Fund; the Regional Economic Development Revolving Loan Program (REDRLP); and the Harold Alfond College Challenge, which provides \$500 for Maine-born babies for college savings.

The first program, the Agricultural Marketing Loan Fund, involves FAME contracting with the Maine Department of Agriculture, Conservation, and Forestry to help provide 5 percent fixed-rate loans to natural resource-based businesses that employ new and innovative technologies and processes in order to improve, expand, and enhance the manufacturing, marketability, and production of Maine-made agricultural products. FAME uses its expertise in loan underwriting and servicing to partner with Maine's DACF, who are expert at agricultural needs. Funds may be used for the design, construction or improvement of facilities such as commodity storage buildings and packing and marketing facilities. Funds may also be used to purchase or retrofit machinery and equipment. In FY 2017, AMLF provided loans to two projects totaling \$121,000.

The second program, the Regional Economic Development Revolving Loan Program, also known as "REDRLP," disburses funds to local economic development groups that then reinvest the funds as loans to businesses in the communities in which they operate. This program has benefitted Maine in two ways: it develops local sources of community funds for business finance and creates a larger pool of trained business lenders in our local communities. In addition to its usual activity, in recent years FAME has worked with the United States Department of Treasury to make available statewide \$13,168,350 in federal funds through the State Small Business Credit Initiative (SSBCI). This program has provided invaluable financing through the FAME Direct Loan program, the Maine Venture Fund, and the Regional Economic Development Revolving Loan Program.

In the third example, the Alfond Scholarship Foundation works closely with FAME to offer the Harold Alfond College Challenge, which provides a \$500 grant to Maine resident babies to be used for future higher education expenses. This is a first-in-the-nation effort that has attracted much interest. As of August 31, 2017, there are 34,234 babies born as Maine residents who have a NextGen account opened using the \$500 Alfond Grant. A total of 76,766 Alfond Grants have been awarded for Maine children.

As you can see in the specific programs enumerated in the program descriptions section of this report, FAME partners with a variety of agencies, boards, foundations and funds to coordinate assistance to Mainers such as the Kim Wallace Adaptive Equipment Loan Program or mPower, Maine's Area Health Education Centers, and the Harold Alfond Foundation. Among others, FAME actively partners with the Maine Department of Agriculture, Conservation and Forestry; the Maine Department of Economic and Community Development; the Maine Department of Education; the Governor's Office; the U.S. Small Business Administration; the U.S. Department of Education; Maine's regional economic development agencies; the Maine Potato Board; the Maine Rural Development Authority; the Maine Venture Fund; the Maine Medical Association; Maine's public and private educational institutions; as well as Maine's various lending institutions.

FAME PARTNERSHIP PROGRAMS

Commercial Loan Insurance

Partner with Maine lending institutions to insure loans to businesses to help mitigate their risk.

Department of Agriculture, Conservation, and Forestry/Maine Potato Board

Agricultural Marketing Loan Fund
Loan underwriting and servicing

Dairy Improvement Fund

Fund management, loan underwriting and servicing

Nutrient Management Loan Program

Loan underwriting and servicing

Potato Market Improvement Fund

Loan underwriting and servicing

Family Development Account Program

Advisory board support services

Harold Alfond Foundation/ Alfond Scholarship Foundation

Alfond Leaders Program
Harold Alfond College Challenge

Linked Investment Programs

Partner with the State Treasurer and borrowers to facilitate interest rate reductions on commercial loans.

mPower/Kim Wallace Adaptive Equipment Loan Program

Contractor management
Loan underwriting and servicing
Fund management
Board administrative support

Maine Area Health Education Centers

Accounting
Fund management and support

Maine Department of Environmental Protection/Maine Municipal Bond Bank

Underground Oil Storage and Tank Replacement Loan Program

Maine Medical Foundation

Administer loan program for Maine residents enrolled in or accepted to approved medical schools.

Maine Rural Development Authority

Loan underwriting and servicing, as well as board administrative services.

Municipal Securities Approval Program

Conduit for municipalities to issue tax-exempt Industrial Revenue Bonds for non-profits or manufacturing borrowers wishing to develop and/or acquire real estate or machinery and equipment

Regional Economic Development Revolving Loan Program

Fund management and support to the various regional economic development agencies throughout the state

Small Enterprise Growth Fund d/b/a Maine Venture Fund

Accounting
Fund management support
Legislative relations
Legal support

State Small Business Credit Initiative:

Administer federal funds through the FAME Direct Loan program, the Maine Venture Fund, and the Regional Economic Development Revolving Loan Program

Student Loan Insurance

Partner with Maine banks and credit unions to insure student loans that are consolidated or refinanced

Constituencies Served

FAME serves a number of customers, including Maine businesses; lending institutions (banks and credit unions); Maine families and students saving for and/or planning to attend or actually attending some form of higher education; other state agencies and organizations (program administration), including Maine's public and private educational institutions; as well as the Executive and Legislative branches of state government, including their constituents.

The best list of these constituents is reflected in the previous section on program descriptions, which gives you a good idea of who utilizes which programs and for what purposes. A list of external partners is set forth in the immediately preceding section on coordination with other entities, as well.

Emerging Issues

Workforce Development: Ensuring Mainers Have the Skills Businesses Need

FAME's vision is to lead the creation of good paying jobs for Maine residents by working at the nexus of economic and workforce development. Over the years, the Legislature has developed several financial aid-based programs designed to encourage the development of certain skills needed for Maine's changing economy, including those that encourage students to pursue careers in STEM fields. As we note below, not all of these initiatives have been funded regrettably. As we move forward, it is essential that there be an evaluation of the true workforce needs of the state and an aligning of the use of limited resources to ensure that loan forgiveness and loan repayment programs are being targeted to areas where they will do the most good to meet the needs of Maine's workers and employers. FAME can play a positive role in this regard.

FAME has taken a leadership role in convening regular meetings of a statewide Workforce and Education Coalition, which recently launched a program to close the workforce gap under the brand name "MaineSpark." MaineSpark is a ten-year commitment from Maine's education and business leaders to work together to ensure that Maine's workforce is productive and competitive. Our goal is that by 2025, 60% of Mainers will hold education and workforce credentials that position Maine and its families for success.

Additional Resources to Expand our Commercial Financing as we Continue to Determine the Correct Level of Risk

Determining the correct level of risk is a constant challenge for FAME. While FAME is expected to take more risk than traditional lenders, we also are expected to be a guardian of the taxpayers' funds. As we have communicated to this committee previously, FAME would like to increase the maximum amounts available through both our Commercial Loan Insurance Program (from \$7 million to \$10 million) and our FAME Direct Loan Program (from \$1 million to \$2 million). Such a change would require additional state resources to the loan insurance program totaling \$37 million and to the direct loan program totaling \$13 million. Investing additional resources in the Commercial Loan Insurance Program would also allow FAME to extend loan insurance to viable businesses further down the risk spectrum. We would like to expand our capacity to provide higher levels of commercial loan insurance for three reasons:

1. FAME is experiencing increased demand for commercial loan insurance. Our support is being requested for both new and existing ventures that need credit enhancement to obtain loans from Maine lenders. At our expected growth rate of 10% per year, our insured commercial loan portfolio likely will exceed the level our reserves can prudently support within a few years.
2. FAME has a gap in its product line that could be filled with this funding. The current maximum guaranteed loan insurance exposure to any one customer is \$5.25 million, which is based on our prudent policy that disallows loans that are greater than 15% of our total loan insurance reserves. The ability to provide

commercial loan insurance up to \$10 million will give us valuable capacity to advance economic development.

3. Higher loan capacity will enable bigger loans and greater economic development for the foreseeable future.

As mentioned above, another goal is to obtain sufficient resources to allow us to increase the maximum loan amount available through FAME's Direct Loan Program from \$1 million to \$2 million. This would allow FAME to support bigger deals to stimulate economic development in the state by providing sub-debt that is not otherwise available from traditional lenders.

College Access and Financial Education Resources

As noted in our programs section on college access and outreach, FAME offers a number of financial education presentations, publications, resources, and initiatives to support K-12 through college education, including Maine's adult learner population. FAME is in a unique position to expand the many financial education, college aspirations and outreach, career development and student financial assistance services we provide and to coordinate the many wonderful opportunities offered by our partners across the state. Our financial resources for such activities are constrained, however, particularly with the demise of the Federal Family Education Loan (FFEL) Program as discussed above. As a FFELP guarantor, FAME is obligated to provide outreach services to Maine families. FAME has a similar mandate under state law; however, the state has never funded that mandate. Previously, FAME was able to use funds earned under FFELP to provide such services, meeting both the state and federal mandates. But such funding is quickly disappearing, and we are in search of new sources. The recent strategic merger of FAME with the Maine Education Loan Authority (MELA) has contributed somewhat to this challenge. The former MELA alternative loan portfolio acquired by FAME has contracted by \$11 million in 2017, thus leaving FAME with \$600,000 in reduced fee income that otherwise could have supported our education outreach programs.

Unfunded Programs

FAME is honored to have earned the Legislature's and other organizations' trust and confidence in administering various state programs related to business and education financing. That said, there is a growing number of legislatively-created programs that have not been funded and, thus, have never been administered. The programs include:

- Nursing Education Loan Repayment Program, 10 M.R.S.A. § 1019
- Maine Engineers Recruitment and Retention Program, 20-A M.R.S.A. §§ 12521 – 12529
- Future for Youth in Maine Loan Repayment Program, 20-A M.R.S.A. §§ 12531 – 12535
- Early Care and Education Revolving Loan Program, 10 M.R.S.A. § 1026-Q
- Scholarships for Maine Fund, 20-A M.R.S.A. §§ 11651 – 11652
- Social Work Education Loan Repayment Program, 10 M.R.S.A. § 1038
- Maine STEM Loan Program, 20-A M.R.S.A. §§ 12921 – 12927

We respectfully request that lawmakers keep such considerations in mind as they contemplate the future, and that some of these programs be eliminated or funded before any new ones be added to our portfolio.

Comparison of Federal Laws and Regulations to State Laws and Rules

There are four FAME-administered programs that involve federal law and regulations, but three of these are soon winding down. These programs are: tax-exempt bond financing (bond cap); the State Small Business Credit Initiative (SSBCI); the John R. Justice Student Loan Repayment Program; and the Federal Family Education Loan Program (FFELP).

The first program pertains to federal **tax-exempt bond financing**, which is governed by Sections 141-148 of the Internal Revenue Code of 1986, 26 U.S.C. §§ 141-148, and the state statute governing FAME's issuance of tax exempt bonds, which is found at 10 M.R.S.A. §§ 980-A, 1074-C. As the committee will recall, the state's issuers of federal private activity bonds (FAME, MaineHousing, the Maine Municipal Bond Bank, and the State Treasurer) annually submit a bond allocation bill for the Legislature's approval. The bill establishes the allocations of the state ceiling on issuance of tax-exempt bonds for two calendar years. The allocation allows for the issuance of tax-exempt bonds for purposes determined by Congress to be for the public's benefit. In the case of FAME, we are authorized to issue tax-exempt bonds for the benefit of certain for-profit manufacturers, solid waste companies, and 501(c)(3) organizations.

The **State Small Business Credit Initiative (SSBCI)**, which is winding down, was successful at stimulating economic development during the recent economic downturn. It provided financing through the FAME Direct Loan program, the Maine Venture Fund, and the Regional Economic Development Revolving Loan Program. The goal of this program was to stimulate private financing. Through October 17, 2017, Maine's program made or obligated 101 loans or investments totaling the \$10,132,159. In FY 17, the following loans and investments occurred through the program: \$321,500 for the FAME Direct Loan Program; \$1,384,443 for the Regional Economic Development Revolving Loan Program (REDRLP), which is administered by FAME in conjunction with participating regional economic development agencies; and \$1,008,333 for the Maine Venture Fund. This federal program was provided for by the Small Business Jobs Act of 2010. There is no corresponding state statute. FAME successfully applied for the program in 2011. The program had a five-year duration, ending March 31, 2017.

The **John R. Justice Grant Program**, administered nationally by the U.S. Department of Justice, provides loan repayment assistance for state and federal public defenders and state prosecutors. The program was created by Congress in 2009 through the John R. Justice Prosecutor and Defender Incentive Act. In recent years, FAME has made loan repayments averaging \$2,000 per year each on behalf of fourteen Maine prosecutors. FAME has administered the program for the past seven years. We are not applying for a new round of funding, however. The Maine Prosecutors Association and the Maine Office of the Attorney General have submitted an application to administer the program. There is no corresponding state statute for the program. It is a federal program for whose administration FAME applied successfully on an annual basis for the past seven years.

The fourth and final federal program which FAME administers is the **Federal Family Education Loan Program (FFELP)**. It was created by the United States Congress under the Higher Education Act of 1965, as amended, Title IV, Part B; 20 U.S.C. 1071 to 1087-4. A

corresponding state statute authorizing FAME to administer it is set forth at 20-A MRSA § 11401 et seq.

For many years, the program provided Maine students and their families with education loans to access higher education and assist with paying for costs associated with attending post-secondary colleges and universities. Congress abolished the program in 2010 when it decided to have the U.S. Department of Education make and administer direct federal loans. The program and FAME's portfolio are thus winding down. Pursuant to federal legislation, no new loans were originated in this program after July 1, 2010. FAME's portfolio of outstanding federal student loans for which it provides a guarantee as of June 30, 2017 was \$385,734,641. With the program winding down, FAME's primary goal is to ensure an orderly wind-down by the federal government.

FAME Policies for Collecting and Managing Personal Information

FAME complies with state and federal information privacy laws and has several policies in place governing the collection, management, and use of personal information. We adhere to National Institute of Standards and Technology (NIST) best practices and standards, and undergo regular audits. These policies govern our customers and staff and are incorporated into the various forms and applications we use. They are not included in this report but are available should the committee wish to see them.

As a quasi-independent agency, we take seriously our role in balancing public interest with privacy. We pride ourselves on our transparency and our adherence to right to know laws. Our governing statute expressly identifies which customer information will be deemed public and which is confidential. 10 M.R.S.A. § 975-A sets forth the disclosure and confidentiality of records in our possession. In sum, once a customer submits an application for FAME assistance, some components of their application and accompanying information is deemed public and disclosable. This includes names of recipients of or applicants for financial assistance, including principals; amounts, types and general terms of financial assistance provided to those recipients or requested by those applicants; descriptions of projects and businesses benefiting or to benefit from the financial assistance; names of transferors or transferees, including principals, of property to or from the authority, the general terms of transfer and the purposes for which transferred property will be used; number of jobs and the amount of tax revenues projected or resulting in connection with a project; the amount of any loan insurance payments with respect to a loan insurance contract; and names of financial institutions participating in providing financial assistance.

The FAME Act also sets forth which components of customer data must be kept confidential. This includes: any record obtained or developed by the authority prior to receipt of a written application or proposal; any record obtained or developed by the authority which a person to whom the record belongs or pertains has requested that the record be designated confidential, and as to which FAME has determined the records gives the owner or user an opportunity to obtain business or competitive advantage over another person who does not have access to the information or as to which access by others would cause a significant detriment to the record owner; financial statements or tax returns of an individual or any other record the disclosure of which would constitute an invasion of personal privacy, as determined by the authority; and records obtained or developed by the authority which contains an assessment by a person who is not employed by the authority of the credit worthiness or financial condition of any person or project; financial statements or business and marketing plans in connection with certain projects receiving or to receive financial assistance from the authority if a person to whom the statement or plan belongs or pertains has requested that the record be designated confidential; and any record, including any financial statement, business plan or tax return obtained or developed by the authority in connection with the matching of potential investors with Maine businesses by the authority through its maintenance of a data base or other record keeping system. The FAME Act prohibits the wrongful disclosure of such confidential information. We have a strict confidentiality policy in place that includes all statutory requirements. FAME also has adopted a detailed, written information security program. It is our practice to train our staff at hiring and at

separation, and at least twice annually in between, regarding the requirements of the policy and the program.

FAME has adopted an agency privacy policy and has a separate privacy policy in place governing the NextGen College Investing Plan®. Both are public (accessible via our Website and furnished in hard copy by request) and also contained in our employee handbook.

FAME also maintains various websites (famemaine.com; nextgenforme.com; claimyourfuture.com; maineloan.com; theloanforme.com; 500forbaby.com), and each is governed by a separate online privacy policy. All visitors to our websites are important to us. For this reason, we do not capture personal information about anyone without their permission. Our goal is to collect only the minimum amount of information needed to serve customer needs. Personally identifiable information will not be collected unless one voluntarily sends an email message or fills out and returns an online form or completes and returns a survey. All information collected on our websites is treated the same as any written communication and is subject to the confidentiality, public disclosure, and legal discovery provisions of 1 MRSA Chapter 13, as well as the confidentiality provisions of 10 MRSA Chapter 110. When one visits our websites, they are not required to provide any personal information unless they choose to do so. Our web servers recognize the domain name/Internet Protocol (IP) address from which one is accessing the site and certain other technical facts (such as the operating system and web browser that one is using), but not their e-mail address or other personally identifying information.

Pursuant to federal law, FAME has an identity theft prevention (“Red Flag”) program in place, as well. Employees provided with company cell phones are governed by our mobile device policy designed to control access to confidential information. FAME also has adopted an information technology policy, as well as a records retention policy.

Reports, Applications and Other Similar Paperwork Required of the Public

FAME does not require members of the public to file reports, applications or paperwork with us unless they seek to utilize one of our programs.

All FAME programs require that some form of application with supporting documents be submitted. One exception is the Maine State Grant Program, which requires instead that the student file the *Free Application for Federal Student Aid* (FAFSA), which helps to determine the financial basis for eligibility for the Maine State Grant. In addition, most of our commercial loan and loan insurance programs, and some of our education loan programs, require borrowers to submit financial or other status reports, generally annually but in some cases quarterly or monthly.

All of our filing requirements are permitted by statute and/or rule, and requirements often are further detailed in the loan documents.

In terms of paperwork reduction, FAME strives not to collect more information than is necessary to process and service an application. Periodic financial reports from commercial borrowers is standard in the industry and necessary to monitor the ongoing quality of the loan. Status reports from certain education borrowers is necessary to monitor whether the borrower may be eligible for loan forgiveness or whether loan forgiveness has been appropriately applied.

By way of example, attached please find an application and required associated forms for our FAME Direct Loan on the commercial side of our business. These include an Environmental Questionnaire; Employment Plan; and Personal Financial Statement. On the education side, attached please find an application for our Dental Education Loan and Loan Repayment Program.



FAME Direct Loan (Economic Recovery Loan Program)

A completed loan application package must include all attachments listed on page four before it can be reviewed.

BUSINESS/BORROWER INFORMATION

Business/Borrower Name		
Mailing Address	City/State/Zip	County
Phone Number	Fax Number	Email Address

LOAN INFORMATION

Amount Requested	Term Requested
Number of Jobs Created	Number of Jobs Retained
Public Benefit (attach additional sheet, if necessary)	
Purpose of Loan	Number of Years Business Operating

GUARANTOR INFORMATION

Guarantor Name			
Federal Tax ID Number	NAICS Number	Date Established	State
Mailing Address	City/State/Zip	County	
Phone Number	Fax Number	Email Address	
Contact Person Name	Title		
Phone Number	Fax Number	E-mail Address	

Business Type	<input type="radio"/> Proprietorship	<input type="radio"/> Partnership	<input type="radio"/> S-Corp	<input type="radio"/> C-Corp
	<input type="radio"/> LLC	<input type="radio"/> LLP	<input type="radio"/> Other (describe)	

Is there any legal action currently pending or threatened against the applicant(s) or guarantor(s)?	<input type="radio"/> No <input type="radio"/> Yes	If yes, please explain.
--	---	-------------------------



FAME Direct Loan (Economic Recovery Loan Program)

Business/Borrower Name

Does business/borrower offer health insurance or pension plans to its employees?	
<input type="checkbox"/> Health Insurance	Type: _____
<input type="checkbox"/> Pension Plan	Type: _____

Business Principals: List all Partners or Stockholders and their ownership percentage*. (Attach additional sheets if necessary.)			
Name & Title	Address	Phone Number	Ownership Percentage
			%
			%
			%

**Individuals owning 20% or more of the borrower or 5% or more who receive substantial income from the borrower, must provide unlimited personal guarantees.*

Business Indebtedness: Include major leases. Use an asterisk (*) to identify debts to be paid with loan proceeds. (Attach additional sheets if necessary.)							
Payable To	Original Amount	Original Date	Present Balance	Interest Rate	Maturity Date	Monthly Payment	How Secured

Proposed Collateral: (Attach additional sheets if necessary.)					
Type	Description	Market Value	Basis for Valuation	Existing Lien holder	Outstanding Balance



FAME Direct Loan (Economic Recovery Loan Program)

Business/Borrower Name

SIGNATURE and CERTIFICATION

By signing below, I represent that I am the individual authorized to complete this application on behalf of the above borrower. I also certify that the information provided and submitted in connection with the application is true and accurate and fairly presents the business and financial status of the applicant. I authorize FAME to conduct appropriate business or personal credit checks.

Borrower/Authorized Representative Signature

Date

Borrower/Authorized Representative Name

Guarantor Signature

Date

Guarantor Name

Guarantor Signature

Date

Guarantor Name



FAME Direct Loan (Economic Recovery Loan Program)

FAME DISCLOSURE and CONFIDENTIALITY STATEMENT

Certain information in the Finance Authority of Maine's (FAME'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 at FAME 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, financial statements, assessments of creditworthiness or financial condition, records obtained by FAME in connection with any monitoring or servicing of an existing project, or the release of any records or information which FAME has determined could cause competitive detriment to a business or individual to whom the information belongs and/or pertains.

If an applicant wants certain information to remain confidential, the applicant must clearly identify what information or documents are 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 competitive disadvantage, or loss of a competitive advantage, the applicant must provide FAME with sufficient information to independently determine the likelihood of such a detriment. Applicants may wish to consult an attorney or FAME's legal counsel regarding the scope of public disclosure and confidentiality as it relates to FAME and the business seeking assistance.

FAME does not discriminate in the administration of any of its programs or in its employment practices on the basis of race, color, national origin, age, gender, religion, physical or mental disability, political affiliation, marital status or sexual orientation. FAME is an equal opportunity employer, provider and lender.

SIGNATURE and CERTIFICATION

By signing below, I certify that I have read and understand the Finance Authority of Maine's (FAME's) Disclosure and Confidentiality Statement.

Borrower/Authorized Representative Signature

Date

Borrower/Authorized Representative Name

APPLICATION CHECKLIST

A completed loan application package must include the following before it can be reviewed:

- Economic Recovery Loan Program (ERLP) Application
- 3 year Business Plan (monthly for first year, then yearly for years two and three)
- Detailed description of project being financed
- Detail of the sources and uses of all financing, include itemized description of work and costs
- Federal income tax return for the previous three years for Business/Borrower, also for Principal Owners/Guarantors (those with 20 percent or more ownership)
- Accountant prepared financial statements, including income statement and balance sheet with notes
- Copies of signed commitment letter from other financing sources, as applicable
- Personal Financial Statement(s) of Principal Owners
- Environmental Questionnaire
- Employment Plan (if your business employs ten or more)
- Forestry, Farming & Fishing Initiative Certification (if utilizing this program)

Supplemental information such as collateral appraisals, marketing plans, resumes, site assessments, and aging of accounts receivable/payable may be requested by the Authority. If these materials are readily available, please include them with your application package.

A complete program description, including terms and conditions, is available online at FAMEmaine.com/Business.

BUSINESS/BORROWER INFORMATION

Business/Borrower Name

1. List all locations of the applicant's business. (State whether the applicant is the owner or lessee of any premises.)

2. Describe briefly the nature of the applicant's business.

3. List all real estate owned by the applicant or by any guarantors of the loan, including any real estate which may have been referred to above and all real estate which is to secure this loan. Please state location and describe whether residential, commercial or industrial and describe improvements. If any such real estate is commercial or industrial, describe the nature of any activities occurring at those premises, whether such activities are conducted by the applicant or any guarantor as owner of the real estate or by a tenant and indicate for how long such activity has been taking place. If known, describe prior uses or activities at any such locations. (Regarding each piece of property, indicate date of transfer to current owner and state whether property was or may have been included in a property description with any other properties at any time after July 1, 1987.)

4. Indicate if the applicant's business or any of the activities, past or present, at any of the properties referred to above, whether conducted by the applicant or any guarantor as owner or lessee of the real estate or by any other lessee, ever included any of the following: gas stations, car washes, auto, truck, bus or boat maintenance or repairs, auto dealers, auto body shops, chemical manufacturing, metal plating, electronic component manufacturing, machine shops, dry cleaning, tanning, coal, gas or tar plants, railroad yards, electrical substations, sand or gravel pits, pig farms, landfills or junkyards.

Environmental Questionnaire

Business/Borrower Name

5. Identify all environmental or land use licenses, permits, approvals, authorizations, certifications, notices or filings which are required by any governmental agency for the applicant's business. Indicate those now held or delivered, date of issuance or filing and date of expiration or date of application (for those not yet held). If issued or filed, attach copies.

6. Do the applicant's business operations involve the generation, treatment, storage or disposal of any hazardous wastes or substances as defined in Chapter 850 of the Regulations of the Maine Department of Environmental Protection, the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. ("RCRA") or the Comprehensive Environment Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq. ("CERCLA"), or under any regulations implementing RCRA or CERCLA?

YES NO

If yes, identify by chemical and trade name the type(s) of waste(s) and provide an estimate of quantity and describe the process which uses or results in the substances or wastes, the methods of storage of any such substances or wastes, and the methods of disposal of any such wastes.

7. Have any activities at any of the locations referred to in question 3 above, by current or prior owners, ever resulted in the generation of hazardous wastes at any time? YES NO

If yes, has the facility been closed in accordance with all applicable laws and received certification of such? YES NO

Explain.

8. Are any hazardous substances or wastes transported to or from any of the applicant's business locations? YES NO

If yes, identify by chemical and trade names the type(s) of waste(s) and identify the location(s) to which any such wastes are transported.

Business/Borrower Name

9. Has an environmental site audit, history, review or other assessment ever been performed at any of the locations listed in question 4? YES NO

If yes, state at which location(s), when, the result(s) and attach a copy if available.

10. Are there or were there ever any above or underground oil or chemical storage tanks on any of the premises listed in question 4? YES NO

If yes, indicate the number of tanks at each location, the age of each tank, the location of the tanks on site, the storage capacity of each tank, the contents of any such tanks, the DEP registration number of each tank or owner, whether the tanks are or will be abandoned, and whether and when any such tanks were ever removed or replaced. Also indicate whether any tank has been precision tested or had a statistical analysis of product inventory done within the past year. If so, provide a copy of the results.

11. Have any of the locations referred to in question 3 ever been used as a junkyard, as a dump for any materials or as a disposal site for any hazardous wastes or substances? YES NO

If yes, describe the nature and dates of any such use, the generator (if known) of any wastes, and the owner or operator of the site at the time of such use or disposal.

12. Do any of the locations referred to in question 3 contain any wastewater treatment lagoons or lagoons for the storage or treatment of any hazardous wastes? YES NO

If yes, describe age, capacity and nature of lagoons, and whether or not actively in use. If inactive, indicate when abandoned and whether the lagoons have been closed in accordance with applicable law and received certification of such.



Environmental Questionnaire

Business/Borrower Name

13. Has there ever been a release or threat of release of oil or any other hazardous wastes at any of the locations referred to in question 4?

YES NO

If yes, identify location(s), applicable dates and explain, stating whether the release was cleaned up and when. State whether any such releases were reported to any agency of State or federal government, and if so, when and to whom they were reported.

14. Do any of the locations referred to in question 3 contain any asbestos?

YES NO

If yes, state at which location(s).

15. Is any location, referral to in question 3 located on or adjacent to any wetland (fresh water or coastal)?

YES NO

If yes, identify the location(s).

16. Are there likely to be any "air pollution" or "hazardous air pollutant" emissions (as defined in Title 38 Section 582(3) M.R.S.A. of 1964 as amended, and in Section 582(7-G) of said Title, respectively, and any and all Regulations and Standards adopted pursuant to Chapter 4 of Title 38 M.R.S.A. of 1964, as amended) into the atmosphere at any of the locations listed in question 4?

YES NO

If yes, state at which location(s) and explain.

Business/Borrower Name

17. Has the applicant or any guarantor ever been subject to any governmental enforcement or compliance action or proceeding related to any property referred to in question 3 or to any licenses, permits, approvals, authorizations, certifications, notices or filings referred to in question 5 or to any environmental or land use laws or regulations?

YES NO

If yes, explain.

18. Is the applicant or any guarantor aware of any environmental problems or potential environmental problems at any of the locations referred to in question 3 or at any other locations ever owned or used in a manner by the applicant or any guarantor, whether or not such problems have been identified by any federal, State or local authorities?

YES NO

If yes, explain and list all real estate ever owned or used by the applicant or any guarantor of the loan which is or may be the subject of environmental problems.

19. Has any application by this applicant or any guarantor for any environmental license, permit, approval, authorization or certification ever been denied or not renewed?

YES NO

If yes, explain.

The undersigned hereby certifies he/she has exercised due diligence and made all appropriate inquiries in completing the questionnaire and that the foregoing information is true and correct to the best of his/her knowledge.

Printed Name: _____ Title: _____

Signature: _____ Date: _____

In accordance with 10 MRSA Section 979, the Finance Authority of Maine is required to collect the following information from all applicants with more than ten (10) employees and to provide it to the Maine Department of Labor and the Maine Department of Health and Human Services.

BUSINESS/BORROWER INFORMATION

Business/Borrower Name

Name of company representative who should be contacted to follow up on employment & training issues.

Contact Person		Title	
Mailing Address		City/State/Zip	County
Phone Number	Fax Number	E-mail Address	

Employment Information

Annual Salary	Number of Jobs Created in Next 12 Months	Number of Jobs Retained	% Healthcare Insurance Premium (if any) Paid by Company
< \$17,500			%
\$17,500 – \$35,000			%
\$35,000 +			%

Identify the percentage of current employees in the various job categories listed.

Office	Sales	Technical	Professional	Managerial	Production
%	%	%	%	%	%

Number of new full-time/part-time positions created as a result of FAME's assistance.

1st Year	2nd Year	3rd Year	Total
Full-Time:	Full-Time:	Full-Time:	Full-Time:
Part-Time:	Part-Time:	Part-Time:	Part-Time:

List titles and brief job descriptions for all new positions:

**Business/
Borrower Name**

Training Information

In what ways could a training program assist your company?

What training will your company provide?

How would wage assistance be helpful in training new employees?

What is your projected hiring schedule?

SIGNATURE and CERTIFICATION

I certify that I am authorized to submit this form and to the best of knowledge and belief, all information is true, complete and accurate.

Printed Name: _____ Title: _____

Signature: _____ Date: _____

Personal Financial Statement

PERSONAL PROFILE				
Name		Social Security Number		
Joint Applicant Name		Social Security Number		
Address	Town/City	State	Zip	Phone

Assets		Liabilities	
Cash on Hand and in Banks		Notes Payable to Banks – Secured (complete Schedule E below)	
U.S. Government Securities (complete Schedule A below)		Notes Payable to Banks – Unsecured (complete Schedule E below)	
Stocks and Bonds (complete Schedule A below)		Due to Brokers	
Non-Marketable Securities (complete Schedule B below)		Mortgages (complete Schedule C below)	
Real Estate (complete schedule C below)		Credit Cards (please itemize):	
Accounts, Loans and Notes Receivable		Other Accounts and Bills Due (car payments, etc., please itemize):	
Retirement Accounts (vested portion)		Unpaid Income Tax or Other Taxes and Interest	
Life Insurance – cash surrender Value only (complete Schedule D below)			
Automobiles		Total Liabilities	
Other Assets (please itemize):		Net Worth	
Total Assets		Total Liabilities and Net Worth	

Personal Financial Statement

Name

Sources of Income		Annual Expenses	
Annual Income, Bonuses and Commissions		Mortgage/Rental Payments	
Dividends		Real Estate Taxes	
Rental Income		Insurance Premiums	
Other Income (please itemize) <i>You need not disclose alimony, child support or separate maintenance income unless you wish the Authority to consider them in a credit decision.</i>		Federal, State and Local Taxes	
		Credit Cards, Car Payments, etc.	
		Alimony, Child Support or Maintenance Income	
		Other Expenses (please itemize):	
		Total Expenses	
		Contingent Liabilities	
		Do you have any contingent liabilities? If yes, please indicate liability and provide details on a separate sheet.	
		As endorser, co-maker, or guarantor?	
		Contested taxes?	
		Damage claims or legal actions?	
		Other? (please itemize)	
Total Income		Total Liabilities	



Personal Financial Statement

Name _____

Schedule A: Government Securities, Stocks & Bonds

Number of Units/Shares	Description	In Name of	Market Value Per Share	Total Market Value	Pledged as Security
					<input type="radio"/> Yes <input type="radio"/> No
					<input type="radio"/> Yes <input type="radio"/> No
					<input type="radio"/> Yes <input type="radio"/> No

Schedule B: Non-marketable Securities

Number of Units/Shares	Description	In Name of	Market Value Per Share	Total Market Value	Pledged as Security
					<input type="radio"/> Yes <input type="radio"/> No
					<input type="radio"/> Yes <input type="radio"/> No
					<input type="radio"/> Yes <input type="radio"/> No

Schedule C: Real Estate Equity

	Personal Residence	Property	Property	Property
Name on Title				
Address				
% Own				
Cost				
Monthly Payment				
Market Value				
Outstanding Mortgage				
Financial Institution				

Schedule D: Individual and Group Life Insurance

Insurance Company	Policy Owner	Beneficiary	Face Amount	Policy Loans	Cash Surrender Value

Schedule E: Loan Relationships (Exclusive of Real Estate Loans)

Lender	Original Loan Amount	Date of Loan	Monthly Payment	Secured or Unsecured	Current Outstanding Balance



Personal Financial Statement

Name _____

Businesses – List all Businesses in which you are a principal /partner

Business Name	% Ownership	Position/Title	Total Business Assets	Type of Business	Year Established

General Information

NOTE: Answering yes to any of the following questions does not automatically disqualify you from obtaining a loan.

Have you ever had repossession? Yes No

Have you ever declared bankruptcy? Yes No

Have you ever been convicted or pleaded guilty to a criminal offense, other than a minor traffic violation? Yes No

If you answered yes to one or more of the above questions, please provide details.

APPLICANT CERTIFICATION

I understand that the Finance Authority of Maine's credit approval may be subject to verification and investigation. I authorize FAME to obtain and release credit information in connection with this statement and with respect to any credit granted.

This is a true and accurate statement of my financial condition. Should my financial condition change at any time while I am under obligation to the Authority, I will promptly notify them in writing of this change. While under such obligation, I will provide an annually updated financial statement.

Name of Applicant

Signature of Applicant

Date

Name of Joint Applicant

Signature of Joint Applicant

Date



**Maine Dental Education
Loan Program**
2017-2018 Application
Deadline: May 30, 2017

APPLICANT INFORMATION

Social Security Number (last 4 digits only on this page) XXX-XX-	Last Name	First Name	MI	Date of Birth
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EDUCATION HISTORY – Elementary through High School Graduation

School's Name	Town	State	Grade Level(s)	Dates Attended

EDUCATION HISTORY – Undergraduate School(s)

School's Name	Town	State	Degree Program	Dates Attended

EDUCATION HISTORY – Graduate School(s)

School's Name	Town	State	Degree Program	Dates Attended

WORK HISTORY – Include Community Service and Volunteer Work

Company/Organization and Brief Description of Work	Town	State	Dates Worked	
			From	To



Maine Dental Education Loan Program

2017-2018 Application
Deadline: May 30, 2017

APPLICANT INFORMATION

Social Security Number (last 4 digits only on this page) XXX-XX-	Last Name	First Name	MI	Date of Birth
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PRIVACY POLICY NOTICE

Protecting the privacy of your personal information is important to us at the Finance Authority of Maine. We do not sell or share the nonpublic personal information you provide us. Federal legislation requires us to give you this notice about our privacy policy. The law also requires us to send you a current privacy policy each year that you are our customer.

This notice uses the term "nonpublic personal information." This means personal information about you which identifies you, and that is not available from public sources.

1. We collect nonpublic personal information about you from the following sources:
 - a. Information received from you on applications, correspondence, communications, and other forms;
 - b. Information about your transactions with respect to your account.
2. We do not disclose any nonpublic personal information about you or our other current or former customers to anyone, except as permitted by law. We never rent or sell your name or personal financial information. We do share such information with our contractors and agents, as needed, to administer your account transactions in conformance with law.
3. We restrict access to nonpublic personal information about you to our employees who need to know the information and to contractors and agents in order to provide service to you. We maintain physical, electronic, and procedural safeguards in compliance with federal regulations to safeguard your nonpublic personal information.

AUTHORIZATIONS (OPTIONAL)

I hereby authorize the Finance Authority of Maine (FAME) to discuss my application with the following individuals upon their verification that they are such person and correct reciting of my social security number and date of birth, until written notification from me to the contrary is received by FAME.

	Full Name of Individual	Relationship to You (Applicant)
Examples: Parent Guardian Spouse		

Signature of Applicant

Date

PROGRAM ELIGIBILITY INFORMATION

The Maine Dental Education Loan Program is a forgivable loan program for eligible Maine residents pursuing graduate dental education leading to a D.D.S. or D.M.D. degree. Funding is limited – not all who qualify will receive a loan.

In addition to completing FAME's application, a student must:

- Be a resident of Maine **for purposes other than education** for two years prior to matriculation at a dental school
- Be admitted to a program of dentistry for a first dental degree leading to a D.D.S. or D.M.D. at an accredited institution
- Show an interest in practicing primary dental care in an underserved population area in Maine and serving all patients regardless of ability to pay through insurance or other payment source
- Demonstrate financial need
- Submit all required forms and documents by the required deadline
- Submit the 2017-2018 FAFSA (Free Application for Federal Student Aid) by May 30, 2017

Loans amounts for the 2017-2018 academic year are up to \$20,000, depending on financial need.

This program is governed by Maine law as set forth in 20-A M.R.S.A. § 12301 et seq. and Chapter 612 of the Rules of the Finance Authority of Maine.

INSTRUCTIONS AND REQUIREMENTS

Submit completed application and required documents to FAME by **May 30, 2017** (postmark date).

Applicants must:

- Complete the Maine Dental Education Loan Program Application carefully
- Submit an essay explaining why you chose a dental career and describing why you are interested in practicing primary care dentistry in an underserved population area in Maine and serving all patients regardless of ability to pay through insurance or other payment sources. Essay must be typed, double-spaced and approximately 500 words.
- Provide copies of your transcripts from all undergraduate and graduate schools you attended
- Provide Maine residency documentation/information (FAME reserves the right to ask for additional documentation if needed to determine your residency eligibility which may include parents' tax returns)
 - Signed copy of your 2016 state tax return (do not include schedules)
 - Copy of your current driver's license
 - Copy of your vehicle registration (indicate if you do not have one)
- File the FAFSA (FAME, as a Maine state agency, will automatically receive a copy of your FAFSA after you file)

A loan recipient may have to participate in an interview. An interview does not guarantee receipt of a loan.

You must submit all required documents for your application to be considered complete. Applications that are not complete by the deadline date are ineligible. FAME assumes no responsibility for identifying missing or erroneous information.

APPLICATION CHECKLIST

- Maine Dental Education Loan Program Application (pages 1 - 3)
- Essay
- Transcripts
- Copy of 2016 state income tax return
- Copy of driver's license
- Copy of vehicle registration
- Submitted 2017-2018 FAFSA

**Private Education Loan Application and Solicitation Disclosure
Maine Dental Education Loan**

**Finance Authority of Maine (FAME)
5 Community Drive
PO Box 949
Augusta, ME 04332-0949
800-228-3734**

Loan Interest Rate & Fees

Your starting interest rate will be

0%

Your Interest Rate (upon approval)

All borrowers receive the same starting interest rate on this loan. Following completion of your professional education or upon withdrawal from school, the interest rate you will pay will be determined by your employment status and location. You may not be required to repay this loan if you qualify for loan forgiveness. If approved, we will notify you of the rate you qualify for after completion of your professional education, or upon your withdrawal from school.

See Reference Notes for more information.

Your interest rate is variable. **The maximum interest rate will never exceed 8.0%**, the maximum allowable for this loan, unless you default. If you default, your interest rate may be increased by 5%, up to a maximum of 13.0%.

Loan Fees

There are no fees to obtain this loan.

Returned Check Charge: \$20.00

Loan Cost Example

The total amount you will pay for this loan will vary depending upon your interest rate and repayment habits. This example provides an estimate based upon the only repayment option available to you.

Repayment Option	Amount Provided (amount provided directly to your school)	Interest Rate (highest possible starting rate)	Loan Term (how long you have to pay off the loan)	Total Paid over 10 years
1. DEFER PAYMENTS Pay no principal or interest while enrolled in school.	\$20,000	0.0%	10 Years beginning 6 months after completion of professional education or withdrawal from school.	\$29,118.36

About this example

This example does not assume any returned check charges. Interest begins to accrue at the beginning of the repayment period. The maximum loan amount is \$20,000 per academic year.

SEE BACK OF PAGE

Federal Loan Alternatives

Loan program	Current Interest Rates by Program Type
PERKINS for students	5.00% fixed
STAFFORD* for Graduate/Professional Students	5.31% fixed
PLUS* for Graduate/Professional Students	6.31% fixed

You may qualify for Federal education loans.

For additional information, **contact your school's financial aid office or the U. S. Department of Education at:**

www.studentaid.ed.gov

*Interest rates are subject to change each July 1, according to federal regulations.

Next Steps**1. Find Out About Other Loan Options.**

Some schools have school-specific student loan benefits and terms not detailed on this form. Contact your school's financial aid office or visit the U. S. Department of Education's web site at: www.studentaid.ed.gov for more information about other loans.

2. To Apply for this Loan, Complete the Application and the Self-Certification Form.

You may get the certification form from your school's financial aid office. If you are approved for this loan, the loan terms will be available for 30 days (terms will not change during this period, except as permitted by law).

REFERENCE NOTES**Eligibility Criteria**

Funding is limited. Not all who qualify will receive a loan. To qualify, you must have been a Maine resident for two years prior to start of dental school, if this is your first program loan, or continue to be a Maine resident if this is a renewal loan. You must demonstrate financial need. You must be admitted to a program of study leading to the D.M.D. or D.D.S. degree at an accredited school. You must demonstrate an interest in practicing primary dental care in an underserved population area of Maine and in serving all patients regardless of ability to pay through insurance or other payment source. You must submit a complete application and file the FAFSA by May 30.

Interest Rates

Upon completion of professional education, the interest rate will be 3%, 5%, or 8%, depending upon practice type and location; or if you withdraw from professional education, your interest rate will be 8%. During the period of any approved deferment your interest rate will be 5%. Loans that are eligible for forgiveness will not accrue interest.

Forgiveness Criteria

You may be eligible for loan forgiveness if, after attainment of appropriate credentials, you practice primary dental care in an underserved population area in Maine in an eligible dental care facility.

Bankruptcy Limitations

If you file for bankruptcy you may still be required to pay back this loan

More information about loan eligibility, repayment deferral and loan forgiveness is available in your loan application and loan documents.

List of FAME reports Required by Legislature

- 1) 3 MRSA § 956: **Program Evaluation Report:** Periodic (currently every eight years) report to Labor, Commerce, Research, and Economic Development Committee regarding various programs administered by FAME, as well as other organizational structure, financial, and policy information.
- 2) 10 MRSA § 974: **Annual Report of Finance Authority of Maine:** Annual report on full range of activities submitted to Governor, Senate President, Speaker of the House, and Labor, Commerce, Research, and Economic Development Committee.
- 3) 10 MRSA § 363(11): **Private Activity Bond Issuer's Report:** Annual review submitted by private activity bond issuers to Labor, Commerce, Research, and Economic Development Committee regarding bonds that have been issued in most recent year, how state ceiling was allocated or carried forward, and demonstration of benefits to state of allocation of ceiling to such issuer.
- 4) 10 MRSA § 1079(3): **Family Development Accounts Report:** Annual report on activities and effectiveness of Family Development Accounts, which are administered in Maine by FAME.
- 5) 10 MRSA § 1020-B: **Waste Motor Oil Disposal Site Remediation Program Report:** Submitted annually in conjunction with Department of Environmental Protection and Maine Revenue Services to Environment and Natural Resources Committee. A brief history of the events that led to the creation of the program; summary of the related hazardous waste law; summary of the program and status report of the program; status report on the four waste motor oil disposal sites subject to the program; and report of revenues collected through calendar year.
- 6) 10 MRSA § 1100-T(6): **Maine Seed Capital Tax Credit Program Report:** Annual report to Taxation Committee regarding program activities for prior year.
- 7) 10 MRSA § 1023-N: **Potato Marketing Improvement Fund Report:** Annual report made to Agriculture Committee regarding activities of program. Submitted in cooperation with the Commissioner of the Department of Agriculture, Conservation and Forestry.
- 8) 10 MRSA § 1023-J: **Agricultural Marketing Loan Fund Report:** Annual report made to Agriculture Committee regarding activities of program. Submitted in cooperation with the Commissioner of the Department of Agriculture, Conservation and Forestry.
- 9) 38 MRSA § 570-H: **Annual Report of the Fund Insurance Review Board-Plymouth Waste Oil Clean-Up Fund:** Submitted in cooperation with the Commissioner of the Department of Environmental Protection annually to the Environment and Natural Resources Committee.

- 10) 10 MRSA § 1100-Z(6): **Maine New Markets Capital Investment Program**: Report to Appropriations and Taxation Committees on the activities of this program, including the amount of private investment received and the total number of jobs created or retained.
- 11) 5 MRSA § 44-A: **Out-of-state Travel Report**: Quarterly report submitted to the Appropriations and Financial Affairs Committee regarding any out-of-state travel activity by the agency. The report reflects, for each individual who has been authorized by the agency to travel, the destination, purpose and cost by funding source of each trip.
- 12) 5 MRSA § 8060: **Regulatory Agendas**: Pursuant to the Maine Administrative Procedures Act, FAME submits annually to the Secretary of State and Legislature a regulatory agenda listing rules the agency expects to propose prior to the next regulatory agenda due date, and whether the agency anticipates engaging in any consensus-based rule development process. The agenda also denotes the statutory or other basis for adoption of the rule; the purpose of the rule; the contemplated schedule for adoption of the rule; an identification and listing of potentially benefited and regulated parties; and a list of all emergency rules adopted since the previous regulatory agenda due date.
- 13) 22 MRSA § 1511(13): **Fund for a Healthy Maine Annual Report**: Annual report to the Commissioner of Administrative and Financial Services providing a description of how FFHM funds for the prior state fiscal year were targeted to the prevention and health-related purposes listed in the governing statute. FAME receives annual allocations for two programs: the Maine Dental Education Loan and Loan Repayment Program, as well as pass-through money for the University of New England-administered Maine Area Health Education Centers.
- 14) Various annual online expense reports made to Secretary of State regarding the following FAME-administered boards and commissions:
 - a. 20-A MRSA § 11484: **Advisory Committee on College Savings**
 - b. 20-A MRSA § 12304: **Advisory Committee on Dental Education**
 - c. 20-A MRSA § 12106: **Advisory Committee on Medial Education**
 - d. 10 MRSA § 964: **FAME Board**
 - e. 10 MRSA § 1079: **Advisory Committee on Family Development Accounts**
 - f. 10 MRSA § 373: **Kim Wallace Adaptive Equipment Loan Program Fund**

**Required Legislative Review of Statutes to Align with
Federal Law, Other State Law or Court Decisions**

FAME has no recommendations at this time for any amendments necessary to align FAME-related state statutes with federal law, other state law, or decisions of any court. Any amendments to be sought in the future would be submitted for legislative consideration.