

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

No. 1252

H.P. 929

House of Representatives, April 13, 1993

An Act to Provide Support to Maine Small Businesses.

Reference to the Committee on Housing and Economic Development suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative CLEMENT of Clinton.
Cosponsored by Senator GOULD of Waldo and
Representatives: GWADOSKY of Fairfield, MITCHELL of Vassalboro, Senators: CAREY of
Kennebec, HANDY of Androscoggin, MARDEN of Kennebec.

Be it enacted by the People of the State of Maine as follows:

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3 Sec. 1. 10 MRSA §1026-A, sub-§3, as amended by PL 1991, c.
4 854, Pt. A, §4, is further amended to read:

6 3. **Mortgage insured loan limitation for small businesses.**
7 Whenever an applicant applies for mortgage insurance under
8 sections 1026-B and 1026-C or sections 1026-C and 1026-K, the
9 authority may insure mortgage loans for which the combined
10 principal amounts of mortgage insurance of both sections do not
11 exceed \$1,100,000.

12 Sec. 2. 10 MRSA §1026-K is enacted to read:

14 **§1026-K. Loan insurance for small businesses**

16 1. **Definitions.** As used in this section, unless the
17 context otherwise indicates, the following terms have the
18 following meanings.

20 A. "Loan" means a mortgage or a loan for any business
21 purpose.

24 2. **Scope of section.** This section applies, in addition to
25 other applicable provisions of this subchapter, when the original
26 principal amount of the loan insurance is \$75,000 or less, but
27 not when loan insurance is provided pursuant to section 1026-B or
28 1026-D.

30 3. **Insurance.** Any loan insurance provided pursuant to this
31 section is subject to the following:

32 A. The original principal amount of loan insurance may not
33 exceed \$75,000; and

36 B. The authority may insure no more than 95% of the loan
37 payments.

38 4. **Loan eligibility.** The authority may insure loan
39 payments under this section only when the following conditions
40 are met:

42 A. Repayment of the loan may be secured by less than full
43 collateral if the borrower or the principals of the borrower
44 are of good character and have good credit records;

46 B. The loan has a maturity satisfactory to the authority;
47 and

2
3 C. The borrower:

4 (1) At the time the application is made for financial
5 assistance, is an existing business with 9 or fewer
6 employees;

7 (2) Agrees to hire at least one additional full-time
8 or part-time employee within 12 months from the date
9 the authority begins to insure the loan payments;

10 (3) Has been in business for at least 3 years; and

11 (4) Agrees to seek business counseling if required by
12 the authority.

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17 **STATEMENT OF FACT**

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19 This bill authorizes the Finance Authority of Maine to
20 provide loan insurance for up to 95% of a loan for any business
21 purpose of not more than \$75,000 for a business in existence for
22 at least 3 years and employing 9 or fewer employees that agrees
23 to hire at least one additional full-time or part-time employee
24 within 12 months.