

§1100-N. Administration and procedures

1. Contracts. The authority may contract with any community action agency that seeks to organize a job-start program. The authority shall first contract with community action agencies that have current contracts with the authority to administer the Maine Job-start Program. The authority may then contract with any community action agency that seeks to organize a job-start program. A participating agency shall accept applications from eligible participants, regardless of whether an applicant resides in the region normally served by that agency, unless the applicant resides in a region served by another participating agency. The contract must provide as a minimum the following.

A. Each community action agency shall designate a coordinator who shall be responsible for the job-start program in that region. [PL 1989, c. 857, §49 (AMD).]

B. The board of directors of a community action agency shall appoint a job-start advisory board, which may consist of a subcommittee of the board of directors, to review and make recommendations concerning loan applications and offer other advice to small businesses. The advisory board must consist of 5 members who represent low-income people and representatives knowledgeable of business and financial matters. Members of the job-start advisory board serve for a 2-year term and may be reappointed to successive terms. [PL 1989, c. 857, §49 (AMD).]

C. The community action agency is responsible for up to 30% of the administrative costs of implementing the job-start program, which costs may be derived from direct financial support or in-kind services, or both. [PL 1989, c. 857, §49 (AMD).]

D. The community action agency shall involve existing small business technical assistance and counseling programs in their implementation of the job-start program and shall, to the maximum extent feasible, contract or arrange for the in-kind donation of technical and counseling services to assist job-start loan applicants. [PL 1989, c. 857, §49 (AMD).]

E. A majority vote of the local job-start advisory board is necessary to recommend approval of a loan. Upon approval, the loan is then transmitted to the authority for final disposition in accordance with the policies adopted by the authority. [PL 1993, c. 214, §3 (NEW).]

F. Loan applications must be reviewed by both the local job-start advisory board and the authority to determine the feasibility and reasonableness of the business proposal, whether the applicant has sufficient capital, whether an adequate market analysis or other counseling requirement has been completed, whether the applicant is creditworthy within the scope of this program and whether adequate collateral is offered to secure the loan. [PL 1993, c. 214, §3 (NEW).]

G. Loan applications must be on forms and accompanied by additional information required by the authority. Loan applicants may be required to submit personal or business-related financial information considered necessary to determine eligibility for the job-start program. [PL 1993, c. 214, §3 (NEW).]

[PL 1993, c. 214, §3 (AMD).]

1-A. Contracts for local agency control of funds. The authority may contract with a community action agency to administer the Maine Job-start Program and may provide for agency control of a portion of the Job-start Revolving Loan Fund for a specified period of time. A contract entered into with an agency pursuant to this section may provide that the agency is responsible for the administration of all existing loans made by the authority upon the recommendation of the agency's advisory committee. A contract may be renewed upon a showing of continued compliance with all requirements. The authority may enter into a contract with a community action agency upon a showing by the local agency that it complies with each of the following requirements.

A. The agency must have a job-start loan board to review and make recommendations concerning loan applications. The loan board must consist of 5 members and include representatives of persons

of low income and members experienced in business, lending and financial matters. [PL 1993, c. 214, §4 (NEW).]

B. The agency must prove its capacity to originate prudent loans and to service those loans through:

- (1) The ability to solicit and screen potential applicants and provide necessary technical assistance to help applicants prepare a business plan and determine the viability of the business, repayment ability and the amount of loan funds needed;
- (2) The ability to properly document each loan transaction, including the perfection of the interest of the agency in all collateral;
- (3) The ability to access appropriate legal guidance to ensure adherence to all applicable laws concerning lending, loan administration and collection;
- (4) The ability to accurately account for all loan repayments;
- (5) The ability to pursue collection actions;
- (6) The ability to invest and administer the Job-start Revolving Loan Fund; and
- (7) Such other criteria as the authority determines necessary to ensure the efficient administration of the program. [PL 1993, c. 214, §4 (NEW).]

C. The community action agency must agree to follow each of the following mechanisms for loan review and approval.

- (1) Loan applications must be reviewed by the job-start loan board to determine the feasibility and general reasonableness of the business proposal, whether the applicant has sufficient capital for the intended purpose, whether an adequate market analysis or other counseling requirement has been completed, whether the applicant is creditworthy within the scope of this program and whether adequate collateral is offered to secure the loan.
- (2) A majority vote of the full job-start loan board is necessary to approve a loan in accordance with the policies adopted by the agency and approved by the authority. The decision of the loan board is final.
- (3) Loan applications must be on forms and accompanied by additional information required by the agency. Loan applicants may be required to submit personal or business-related financial information considered necessary to determine eligibility for the job-start program. [PL 1993, c. 214, §4 (NEW).]

D. The community action agency must provide the authority with an annual report detailing the loan fund activity in the form and containing the information required by the contract between the agency and the authority. [PL 1993, c. 214, §4 (NEW).]

E. The community action agency must allow the authority or an agent of the authority to perform an audit of the loan fund and the administration of the program at the times and in the manner provided in the contract between the agency and the authority. [PL 1993, c. 214, §4 (NEW).]
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2. Loan criteria and procedures. The authority may adopt rules to implement the Maine Job-start Program, which must include, but are not limited to, the following loan criteria:

A. The purpose of the loan shall be to establish, strengthen or expand a business of any person or business organization, except any nonprofit corporation, which in the case of:

- (1) An existing business, at the time application is made for financing assistance, employs 20 persons or less or has gross sales not exceeding \$2,500,000 per year; or

(2) A new business, at the time application is made for financing assistance, projects that, during the first 12 months of operation, it will employ 20 persons or less or will have gross sales not exceeding \$2,500,000; [PL 1985, c. 344, §96 (AMD).]

B. Loans may be made to applicants with insufficient access to conventional sources of credit and whose gross annual household income is at or below income limits established by the authority by rulemaking pursuant to Title 5, chapter 375, subchapter II; [PL 1985, c. 344, §96 (AMD).]

C. No loan may be made in an amount in excess of \$10,000 to any single applicant, nor at an interest rate in excess of rate limits established by the authority by rulemaking pursuant to Title 5, chapter 375, subchapter II; [PL 1985, c. 344, §96 (AMD).]

D. [PL 1993, c. 214, §5 (RP).]

E. [PL 1993, c. 214, §5 (RP).]

F. Loans may not be insured or guaranteed by the State, but the authority shall require collateral in the form of security for the loan, if available, and may, in appropriate cases, take a mortgage on real estate; and [PL 1993, c. 214, §6 (AMD).]

G. Loan funds must be made available by the authority for loan recommendations by community action agencies on the basis of a formula that takes into consideration both the population served by the agency and the economic conditions of the region, as evidenced by unemployment statistics and per capita income. [PL 1993, c. 214, §6 (AMD).]

H. [PL 1993, c. 214, §7 (RP).]

[PL 1993, c. 214, §§5-7 (AMD).]

3. Business support group initiative. Notwithstanding anything in this section to the contrary, the authority and any contracting community action agency may delegate application review, loan approval and servicing decisions to one or more designated business support groups in the area served by the contracting community action agencies, subject to the following requirements.

A. Each group shall be composed of not less than 5 individuals, corporations or partnerships which meet the eligibility criteria for job-start program applicants, are hopeful of starting or expanding separate businesses eligible for job-start financing and have community or other ties demonstrating a common mission or purpose. [PL 1987, c. 697, §14 (NEW).]

B. Each group must agree to undergo a business management training program established by the authority and each group member must agree to provide business support to other members of the group. [PL 1987, c. 697, §14 (NEW).]

C. The authority, in consultation with contracting community action agencies, may set aside by rule not more than \$75,000 in the aggregate for purposes of this initiative, which will be available for loans to business support group members. [PL 1987, c. 697, §14 (NEW).]

D. The authority shall establish by rule limitations on the amount of loans which may be approved by each business support group and shall establish incentives which condition release of loan funds to each group on successful compliance with loan conditions and payment obligations on prior loans made to group members. [PL 1987, c. 697, §14 (NEW).]

[PL 1987, c. 697, §14 (NEW).]

SECTION HISTORY

PL 1983, c. 856, §4 (NEW). PL 1985, c. 344, §96 (AMD). PL 1985, c. 714, §39 (AMD). PL 1987, c. 697, §14 (AMD). PL 1989, c. 857, §49 (AMD). RR 1991, c. 2, §31 (COR). PL 1991, c. 622, §J19 (AMD). PL 1991, c. 622, §J25 (AFF). PL 1993, c. 214, §§2-7 (AMD).

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