

§5953-E. Maine School Facilities Finance Program

There is established the Maine School Facilities Finance Program to promote efficient capital financing activities for the construction, renovation and maintenance of school facilities and the lease-purchase of school facilities. [PL 1999, c. 81, §14 (AMD).]

1. Loan application. In addition to the other forms of financial assistance available under this chapter, a public school, school administrative district, municipality, community school district or other school administrative unit may apply for a loan from the School Revolving Renovation Fund under section 6006-F, in this section called the "fund," the proceeds of which must be used to finance the cost of school repair and renovation under section 6006-F, subsection 3, as designated by the Department of Education.

A. The bank may prescribe an application form or procedure for a school administrative unit to apply for a loan under this section. The application must include any information that the bank determines necessary for the purpose of implementing this section and section 6006-F. [PL 1997, c. 787, §12 (NEW).]

[PL 1997, c. 787, §12 (NEW).]

2. Loan; loan agreements. Loans from the fund are subject to this subsection.

A. The bank may make loans from the fund to a school administrative unit for one or more of the purposes set forth in subsection 1. The loans may be made in conjunction with, at the same time as or as part of a project that obtains any other form of assistance or loan under this chapter. Each loan is subject to the following conditions.

(1) The total amount of loans outstanding at any one time from the fund may not exceed the balance of the fund, provided that the proceeds of bonds or notes of the bank deposited in the fund, revenues from other sources deposited in the fund, repayments from outstanding loans due and payable and binding financial commitments of the United States or any other 3rd party to deposit money in the fund are included in determining the fund balance.

(2) The loan must be evidenced by a municipal bond, loan agreement or other debt instrument, payable by the school administrative unit over a term not to exceed 15 years with annual principal or interest payments commencing not later than one year after the project being financed is completed.

(3) The rate of interest charged for the loans may not exceed 0%. The bank, pursuant to a determination by the Department of Education under section 6006-F, may provide loans to a school administrative unit with forgiveness of principal or an effective interest rate of less than 0%. A school unit must pay back by the end of the term of the loan an amount no less than 30% of the original principal amount of the loan nor more than 70% of the original principal amount of the loan. [PL 1997, c. 787, §12 (NEW).]

B. Loans made to a school administrative unit by the bank under this section must be evidenced by and made in accordance with the terms and conditions specified in a loan agreement to be executed by the bank and the school administrative unit. The loan agreement must specify the terms and conditions of disbursement of loan proceeds. The loan agreement must state the term, rate of interest, any amount of principal forgiveness, scheduling of loan repayments and any other terms and conditions determined necessary or desirable by the bank. Loans made to a school administrative unit by the bank under this section may include provisions for forgiveness of principal payments or loan repayment computation that results in an effective negative interest rate. [PL 1997, c. 787, §12 (NEW).]

[PL 1997, c. 787, §12 (NEW).]

3. Loan management. Proceeds from any indebtedness from the fund incurred by a school administrative unit for the purposes of new construction, renovation or capital acquisition must be deposited in the bank. Proceeds from any other indebtedness incurred by a school administrative unit for the purposes of new construction, renovation or capital acquisition may be deposited in the bank. Any proceeds held must be invested by the bank for the benefit of the school administrative unit. The bank shall pay to a school administrative unit those amounts necessary for incurred costs or for reimbursement for incurred costs associated with the project for which the indebtedness was incurred. Funds from any indebtedness from the fund remaining after payment of all eligible project and financing costs must be deposited in the fund.
[PL 1997, c. 787, §12 (NEW).]

4. Eligibility certification. A loan to a school administrative unit may not be made under this section until:

- A. The applicant certifies to the bank that it has secured all permits, licenses and approvals necessary to undertake the renovations and construct the improvements to be financed by the loan; [PL 1997, c. 787, §12 (NEW).]
- B. The applicant has been designated by the Department of Education as eligible to receive the loan; and [PL 1997, c. 787, §12 (NEW).]
- C. The applicant demonstrates to the satisfaction of the bank that it has the ability to repay the loan made to the school administrative unit by the bank. [PL 1997, c. 787, §12 (NEW).]

The Department of Education and the bank shall adopt rules necessary to implement this section. Rules adopted by the Department of Education and the bank to implement this section are major substantive rules pursuant to Title 5, chapter 375, subchapter II-A.
[PL 1997, c. 787, §12 (NEW).]

SECTION HISTORY

PL 1997, c. 787, §12 (NEW). PL 1999, c. 81, §14 (AMD).

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