

Maine Forestry Direct Link Loan Program Summary

Introduction

The Maine Forest Service's (MFS), Department of Environmental Protection (DEP), and the Maine Municipal Bond Bank (MMBB) have teamed up to offer a mechanism to provide incentive financing to loggers that reduces non-point source pollution risk on timber harvests in Maine.

Background

Modeled after the Ohio Department of Natural Resources' Silvicultural Direct Link Loan Program, the Maine Forestry Direct Link Loan Program utilizes Clean Water State Revolving Loan Funds to provide low-interest rate financing for Forestry Best Management Practices (BMPs). The purpose of providing this financial incentive is to increase the use of BMPs and environmentally friendly logging equipment in the logging industry.

Program Description

Second and Third party certified loggers (Master Loggers, Certified Logging professionals and Qualified Logging Professionals) can obtain low-interest financing from participating banks through the Maine Forestry Direct Link Loan Program. MFS will: 1) determine the items that are eligible for financing, 2) ensure that the logger is second or third party certified, 3) ensure that the logger retains, on file, Northeast Master Logger Harvest Integrity System forms, and 4) monitor the improvements and practices of the logger.

The DEP and MMBB will: 1) enter into a memorandum of understanding with MFS to implement the program, 2) work with local banks to participate in the program, and 3) provide oversight within the context of managing the Maine Forestry Direct Link Loan Program.

Mechanics of the Maine Forestry Direct Link Loan Program

This program uses the linked deposit financing mechanism to encourage forestry BMPs. The steps a logging operation must follow to obtain a linked deposit loan are outlined below:

The primary business of the Applicant must be logging in Maine.

The Applicant must be a current Master Logger (ML), Certified Logging Professional (CLP), or Qualified Logging Professional (QLP), and enter into an agreement for the term of the loan with MFS to:

Acknowledge that failure to maintain certification by ML, CLP, or QLP will result in cancellation of the agreement thus converting the discounted loan to a standard interest rate.

Maintain, on file, Northeast Master Logger Harvest Integrity System Form(s) for the term of the loan available for review by MFS upon request.

Allow spot checks of its work by MFS and implement principles and practices described within MFS BMP manual "Best Management Practices for Forestry: Protecting Maine's Water Quality".

Acknowledge that 3 findings of non-adherence to BMPs will result in cancellation of the agreement thus converting the discounted loan to a standard interest rate.

Acknowledge that enforcement action by federal, state, or local regulatory body for violations of the State's forest practices or water quality protection laws related to forest management will result in cancellation of the agreement thus converting the discounted loan to a standard interest rate.

Keep equipment purchased operating in Maine throughout the term of the loan. Failure to do so will result in cancellation of the agreement thus converting the discounted loan to a standard interest rate.

Upon execution of this agreement, the Applicant can request a Certificate of Qualification from MFS.

The Applicant obtains a Certificate of Qualification from the MFS identifying the equipment that is eligible for Maine Forestry Direct Link Loan Program funding.

The Applicant applies for a loan from one of the banks participating in the Maine Forestry Direct Link Loan Program.

After the Applicant presents the Certificate of Qualification, the bank evaluates the credit-worthiness of the Applicant using its normal loan criteria. If these criteria are met, the bank then enters into a loan agreement with the Applicant.

Upon approval, ME DEP and the MMBB deposit with the bank, through a certificate of deposit, funds equal to the face value of the loan to the Applicant. The term of the deposit is equal to the term of the bank's loan with the logging operation, but in no case is longer than 5 years.

The interest rate on the certificate of deposit is discounted below the bank's normal cost of funds, as determined by a comparison to the interest rates of U.S. Treasury notes and bonds. The bank's repayment schedule in the certificate of deposit contains annual payments of principal and interest to the Maine Municipal Bond Bank.

The interest rate of the bank's loan to the Applicant is reduced at a discount the bank received from the Maine Forestry Direct Link Loan.

With an interest rate subsidy of up to 2%, eligible borrowers may apply up to a maximum loan amount of \$800,000

Purchases Eligible for Loans

The following table outlines some of the potential purchases that could be made through the Maine Forestry Direct Link Loan Program. However, equipment purchases will be considered on a case-by-case basis, with eligibility being based on whether or not the equipment is needed to facilitate the implementation of Forestry Best Management Practices. As new technologies become available, they will also be considered for inclusion into the direct link loan program.

New and Used Equipment Purchases	Retrofit of Existing Equipment	Miscellaneous Purchases
Tree Planter and Associated Equipment	Flotation Tires	Metal Bridges
Mulching Machines	Bogey Wheels	Wooden Bridges
Cut-to-Length Harvesters	GPS Equipment Tracking Systems	Bottomless arches
Forwarders	Harvester and processor heads	Sediment and erosion control products
Fellerbunchers – Must be tracked and equipped with a boom		
Tractors		
Delimbers - Must be equipped for in woods operation		
Swing machines		
Graders		

Participating Lenders

[Farm Credit of Maine](#)

Andrew Grant
Farm Credit of Maine
615 Minot Ave.
Auburn, ME 04210

(207) 784-0193 ext. 124
(800) 831-4230

[Katahdin Trust Company](#)

David H. Cambridge
Katahdin Trust Company
6 North Street
Presque Isle, ME 04769

(207) 764-2361
(800) 221-2542

Fax: (207) 764-3425
d.cambridge@katahdintrust.com

KeyBank

Brian Flewelling
KeyBank
Presque Isle, ME

(207) 764-9427

Machias Savings Bank

Anita Madden
Machias Savings Bank

(207) 989-8356
Fax: (207) 989-8350

TD Bank

Glenn Lamarr
TD Bank
62 West Main Street, Suite 104
Fort Kent, Maine 04743

(207) 834-6181
Fax: (207) 834-5977
Glenn.Lamarr@TDBanknorth.com

Links to Our Partners

[Maine Municipal Bond Bank](#)
[Grants & Loans, Maine Department of Environmental Protection](#)

NEMLC

Harvest Integrity System



**A Harvest Planning Tool Provided by the Northeast Master Logger
Certification Program of the Trust to Conserve Northeast Forestlands**



Harvesting Company

Landowner or agent

Date



Master Logger Harvest Plan

Not Sufficient for Category II or III Clearcuts

Date _____

Harvest ID _____

Preparer of Harvest Plan

Name: _____ Occupation: _____ ID#: _____

Address: _____

Telephone #: _____ Fax #: _____ email: _____

Logging Company Information¹

Name: _____ NEMLC #: _____

Address: _____

Telephone #: _____ Fax #: _____ E-mail: _____

Landowner: Agent:

Name: _____

Address: _____

Telephone #: _____ Fax #: _____ email: _____

Landowner Category

- Private
- Industry
- State/Fed
- Municipal

Property Information:

Location/Landmark: _____

Town: _____ County: _____

Acreage of: Parcel _____ Harvest Area: _____

GPS of Main Landing: Datum: _____ (default = NAD 83)

Latitude _____ Longitude: _____

Certified Under

- FSC
- SFI
- Tree Farm
- Other

Forester Information¹

Name: _____ License #: _____

Address: _____

Telephone #: _____ Fax #: _____ E-mail: _____

Certified Under

- FSC
- SAF
- Other

Trucker Information¹

Name: _____ MLC #: _____

Address: _____

Telephone #: _____ Fax #: _____ E-mail: _____

Abutting Neighbors¹

Name: _____ Address: _____ Telephone: _____

Name: _____ Address: _____ Telephone: _____

Name: _____ Address: _____ Telephone: _____

Written **management** plan developed? Yes No If yes, please record the following authorship info.

(required for land certification)

Name: _____

Telephone #: _____ E-mail: _____ Date of Plan: _____

Written **harvest plan** developed by: forester landowner logger other none don't know

(required for land certification)

Name: _____

Telephone #: _____ E-mail: _____ Date of Plan: _____

Landowner Objectives (*e.g. acreage to be harvested, volume to be harvested, desired future condition, special sites, etc.*)

1.

2.

3.

4.

5.

6.

7.

8.

9.

10.



Pre- Harvest Checks

Date _____
Harvest ID _____

Contract signed with landowner boundary lines within
200' of harvest site are clearly visible

Insurance coverage provided to landowner:
General Liability Workers comp. or predetermination

property ownership established: harvest notification on landing: **date of harvest** _____ **through** _____

forester involved in harvest yes no
abutting landowner(s) notified¹ yes no local forester ordinances in town: yes no

written forest mgt. plan: read discussed with landowner/agent **walk site with:** landowner/agent forester other
written harvest mgt. plan: read discussed with landowner/agent **harvest area outlined:** on map on ground

water bodies affecting harvest: brooks/streams rivers lakes/ponds wetlands vernal pools none
permits necessary: yes no **variances necessary:** yes no

sensitive areas affecting harvest: special fauna special flora special habitat special cultural/archeological area none
permits necessary: yes no **variances necessary:** yes no

other forestry activities to be performed: _____	clear cut	yes <input type="checkbox"/>	no <input type="checkbox"/>	Size < 5 acres 5-20 acres: Cat. I 21-75 acres: Cat. II 76-250 acres: Cat. III
_____	partial cut	yes <input type="checkbox"/>	no <input type="checkbox"/>	
_____	forester designates timber	yes <input type="checkbox"/>	no <input type="checkbox"/>	
_____	retain vigorous trees	yes <input type="checkbox"/>	no <input type="checkbox"/>	
_____	retain wildlife trees	yes <input type="checkbox"/>	no <input type="checkbox"/>	
_____	retain course woody material	yes <input type="checkbox"/>	no <input type="checkbox"/>	
	FPA regulations met	yes <input type="checkbox"/>	no <input type="checkbox"/>	

Permits obtained: ² _____ buffers on water bodies identified: ² _____ list other legal restrictions: _____
(list permits) _____ buffers on special areas identified: ² _____
_____ areas of visual mgt. identified: ² _____

Harvest system: cut to length feller buncher skidder farm tractor animals other

Truck road construction necessary: stream crossing necessary: new landing necessary: new skid trails necessary:

Describe harvest in general terms (use separate sheet if necessary: see also map on pg. 3)

Other considerations not covered here on attached sheet:

1. It is good business practice and good advertisement to notify abutting landowners about forestry activities
- 2 Please initial and/or date when activity is completed

Please initial copy of this page and send to landowner when harvest starts.



Post Harvest Checks

Date _____

Harvest ID _____

Close-Outs¹

- | | | | |
|-----------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|
| <input type="checkbox"/> all designated trees cut | <input type="checkbox"/> integrity of no-cut zones checked | <input type="checkbox"/> BMPs on trails met | <input type="checkbox"/> scale slips to landowner/agent |
| <input type="checkbox"/> all hazard trees cut | <input type="checkbox"/> integrity of buffer zones checked | <input type="checkbox"/> BMPs on roads checked | <input type="checkbox"/> all payments made |
| <input type="checkbox"/> brush rubbing on tree trunks cut | <input type="checkbox"/> integrity of wildlife areas checked | <input type="checkbox"/> BMPs at water crossings checked | <input type="checkbox"/> harvest report to MFS |
| <input type="checkbox"/> regeneration of clearcuts | <input type="checkbox"/> integrity of special areas | <input type="checkbox"/> BMPs at landings checked | <input type="checkbox"/> persons named for long-term checks |
| <input type="checkbox"/> slash >25' of boundaries | <input type="checkbox"/> excessive flagging removed | | |
| <input type="checkbox"/> cleanup of landing | <input type="checkbox"/> aesthetic specs met | | |

Long-Term Responsibility

Name and Contact Information

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

Master Logger Representative
Guaranteeing the accuracy of all information

Date

Landowner/ Agent
Having read and understood the check sheets

Date

¹Please name the person(s) responsible for long-term checks if other than logging professional

Maine Forestry Direct Link Loan Program

AGREEMENT

Between

The Maine Forest Service Forest Policy and Management Division

And

Name:
Address:
Phone:
e-mail:

Purpose

This agreement establishes the terms, conditions and responsibilities of Maine Forest Service (MFS) and the Qualifying Entity for the issuance by MFS to the Qualifying Entity of a Certificate of Qualification for participation in the Maine Forestry Linked Deposit Loan Program. The program is administered by MFS, Maine Department of Environmental Protection and the Maine Municipal Bond Bank with the purpose of providing Clean Water State Revolving Loan Fund financing for equipment that will implement nonpoint source pollution reduction.

Terms, Conditions and Responsibilities

Qualifying Entity

The Qualifying Entity agrees to the following terms and conditions for the term of the linked deposit loan. The Qualifying Entity shall:

1. At the time of execution of this agreement be participating in either a second or third party auditing system as recognized by MFS;
2. Not currently be under investigation or have any unresolved violations of either Maine's forestry or water quality protection laws;
3. Maintain on file for the period of the loan, and provide on request to MFS, Northeast Master Logger Harvest Integrity System forms;
4. On request of MFS, describe the current working location of the equipment purchased through the program to allow inspection of the site by an inspection team. The Qualifying Entity shall obtain landowner permission for inspection team site access;
5. Should operational or structural deficiencies be found, implement the recommendations of the inspection team in order to adhere to Forestry Best Management Practices; and
6. Equipment purchased through the program must remain in the state of Maine.

MFS

To fulfill its responsibilities under the program, the MFS will:

1. Verify the status of the Qualifying Entity as a second or third party auditing system participant prior to the issuance of a Certificate of Qualification;
2. Issue a Certificate of Qualification that specifies those items of equipment for which the Qualifying Entity is eligible to purchase through the program;
3. Form an inspection team to review the use of equipment purchased through the program for effectiveness and any operational or structural deficiencies that have or may lead to nonpoint source pollution;

4. Provide, in the judgment of the inspection team, reasonable, binding recommended actions to be taken by the Qualifying Entity to correct identified operational or structural deficiencies that have led to or may lead to nonpoint source pollution; and
5. Should the Qualifying Entity not adhere to recommended Forestry Best Management Practices, issue in writing a notification of finding of non-adherence to the Qualifying Entity.

Breach of Agreement

The Qualifying Entity shall be in breach of this agreement if:

1. it is subjected to enforcement action by any federal, state or local regulatory body for violations of the state’s forest practices or water quality protection laws related to forest management activity;
2. it fails to maintain participation in a second or third party auditing system;
3. it receives three notifications from MFS finding non-adherence to Forestry Best Management Practices; or,
4. it removes the purchased equipment from the state of Maine.

Should the Qualifying Entity breach the terms of this agreement, the MFS will notify the Maine Forestry Linked Deposit Loan lender and the Maine Municipal Bond Bank of the non-adherence, thus converting the discounted interest rate to standard interest.

Term of Agreement

The term of this agreement shall commence upon the date of signature of all parties and coincide with the term of any loan acquired as a result of the issuance of a Certificate of Qualification resulting from this agreement.

Doug Denico, Director
Maine Forest Service

Participant

Date

Date