

## Recovery Zone Facility Bonds Update

**By Phil Gleason | September 27, 2010**

I've received several recent inquiries about the availability of recovery zone facility bonds ("RZFBs"), so here's the update, which contains both good news and the bad news:

- **The good news:** under the allocation which Maine received under the American Recovery and Reinvestment Act of 2009, FAME has plenty of capacity remaining to issue RZFBs in 2010.
- **The bad news:** due to the current political gridlock in Washington, it appears increasingly unlikely that the RZFB program will be extended past this year.

Accordingly, if you have borrowers who are contemplating an RZFB financing, they need to act now. Processing an RZFB through the FAME process generally takes a minimum of sixty days from the date FAME receives a complete application, which means that an application filed today would likely lead to an early December closing, absent any unforeseen obstacles or surprises in the approval process. And remember that although the bonds need to be issued in 2010, there is generally a two year window after closing in which the bond proceeds must be spent. So for construction projects in particular, it would be possible to close in 2010, and spend the proceeds during the two year period after the closing. For additional information on RZFBs, please see our March 19, 2010 Alert ([http://www.bernsteinshur.com/files-publications/BernsteinShurAlert\\_RecoveryZoneFacilityBonds.PDF](http://www.bernsteinshur.com/files-publications/BernsteinShurAlert_RecoveryZoneFacilityBonds.PDF)), or contact Phil Gleason in Bernstein Shur's Portland office, [pgleason@bernsteinshur.com](mailto:pgleason@bernsteinshur.com). 207 228 7290.