



Calvert County Economic Development Loan Fund Guidelines

We welcome your interest in the Calvert County Economic Development Loan Fund (CEDLF). The loan fund is a direct loan program designed to provide financial assistance to eligible businesses. CEDLF support may be used to expand, retain or relocate a business to Calvert County. These guidelines serve as a general plan for financing activities and exceptions may be considered in certain cases.

For specific questions or help preparing an application, please contact us at:

Calvert County Department of Economic Development
184 B Main Street, Prince Frederick, MD 20678
info@choosecalvert.com
www.choosecalvert.com
410-535-4583

I. Applicants

The applicant (or borrower) must be a legal business entity in good standing and qualified to do business in the state of Maryland and in Calvert County. Applicants may be proprietorships, partnerships, limited liability companies or corporations.

II. Eligibility

The eligibility of an applicant for CEDLF assistance is based upon the business itself and the nature of the funding required.

The following requirements govern the eligibility of businesses applying for CEDLF assistance:

- Businesses considered eligible are those with primary sales and related activities in manufacturing, wholesale trade, retail trade or business services. Other commercial enterprises may also be eligible, depending on economic impact.
- Although an operating history is preferred, start-up businesses may be considered for a CEDLF loan. All applicants must supply a comprehensive business plan as part of their application.
- Evidence is required that conventional financing is unavailable to the company or that conventional financing would cause the project to be financially infeasible.

Eligibility is based on three primary factors:

- The expansion of a Calvert County business;
- The retention of a Calvert County business; or
- The relocation of a business to Calvert County from another jurisdiction.

Applicants may receive additional consideration if they fall within the following categories:

- Certified small, disadvantaged or minority-owned business.
- Business located (or to be located) in areas targeted for revitalization by Calvert County.

III. Use of Proceeds

Loan proceeds may be used for the following purposes:

- Leasehold or infrastructure improvements
- Construction, renovation and/or rehabilitation of facilities
- Infrastructure improvements
- Staff training
- Professional consulting services
- Machinery and equipment expenses related to the items listed above such as fees, testing, delivery and preparation
- Working capital

The CEDLF may not be used for debt refinancing or to satisfy tax liens or liabilities.

IV. Lending Requirements

Underwriting guidelines are as follows:

- Maximum Participation:
 - Direct Loan: Up to \$100,000.
- Term:
 - Direct Loan: Negotiable up to five (5) years.
- Rate: The rates on direct loans would be variable. It would be adjusted on a calendar-year basis and, generally, will be consistent with conventional rates. All principal and interest payments from direct loans will be recycled back into the CEDLF.
- Fee: A fee is charged for all approved applications equal to one percent (1%) of the loan. All fee income will be used as additional income for the CEDLF. This fee can be waived or reduced if need is shown.

- Collateral: The CEDLF seeks to be fully secured on all direct loans. Following are examples of the kinds of collateral typically required:
 - Best lien position possible on all assets purchased with the proceeds of the approved loans.
 - Perfected security interest in all business assets.
 - Indemnity Deed of Trust on the personal residences of any owners having a 20% or greater ownership interest in the applicant business.
 - Personal guarantees of any owners having a 20% or greater ownership interest in the applicant business, and their spouses if necessary.
- Key Person Insurance: Key person life or disability insurance may be required as a condition of loan approval, citing the CEDLF as a beneficiary. Key person insurance covers the loss of income that is provided by the person critical to execution of the business plan. The EDA may require this insurance to satisfy the loan in the event of death or disability of the owner.

V. Loan Packaging

Applicants are required to use the services of the Small Business Development Center (SBDC) to assist in business plan preparation and evaluation of all loan application packaging prior to submission to the CEDLF. This service is provided free of charge. Final loan packages are due two (2) weeks before the scheduled board meeting.

VI. Approval Procedure

Loan requests are made directly to the EDA through the Calvert County Department of Economic Development. Care will be taken to maintain confidentiality and the borrower's privacy.

The EDA will review and notify the applicant of any action taken through Department of Economic Development staff.

Applications will be processed only upon submission of the CEDLF application form and payment of the application fee. Upon staff review and eligibility determination, applications are presented to the EDA for final recommendation.

The EDA convenes quarterly, or as needed. A completed application will be acted upon by the EDA within thirty (30) days.

VII. Settlement Procedure

Immediately following the EDA's approval decision, a commitment letter is issued. The borrower has ten (10) business days to accept the terms and conditions for settlement. Settlement must occur at the earliest possible time but no longer than sixty (60) business days from the date of acceptance of the commitment letter. All settlement fees are the responsibility of the borrower.