



Calvert Economic Development Loan Fund

FOREWORD

The Calvert Economic Development Loan Fund (CEDLF) is a direct loan program designed to provide financial assistance to eligible businesses.

CEDLF support may be used to expand a business, retain a business, or relocate a business to Calvert County.

Our guidelines serve as a general plan for financing activities. Exceptions to the guidelines may be considered in certain cases.

All information provided by prospective borrowers would be considered private and held in the strictest confidence by the CEDLF and the Economic Development Authority.

We welcome your interest in the Calvert Economic Development Loan Fund. Your comments and suggestions will help us deliver the highest quality service to our customers.

Direct Loan Guidelines

Revised 01/06

I **APPLICANTS**

The applicant must be a legal business entity qualified to do business in the State of Maryland. Applicants may be proprietorships, partnerships, limited liability companies, or corporations.

II **ELIGIBILITY**

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

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

- Businesses considered eligible are those with primary sales and related activities in manufacturing, wholesale trade, retail trade, and 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 have a comprehensive business plan.

Eligibility is based on three primary factors:

- The expansion of a Calvert County business; or
- The retention of a business in Calvert County; or

- The relocation of a business to Calvert County.
- Evidence that conventional financing is unavailable to the company or would cause the project to be financially infeasible.

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

- Certified small/disadvantaged business;
- Business located in areas targeted by the County for revitalization.

III

USE OF PROCEEDS

Loan proceeds may be used for the following purposes, including:

- leasehold improvements
- construction, renovation, and rehabilitation
- infrastructure improvements
- machinery and equipment expenses related to the items listed above, such as fees, testing, delivery, and preparation
- working capital
- the Loan Fund may not be used for debt refinancing

IV

LENDING REQUIREMENTS

Underwriting Guidelines are:

- **MAXIMUM PARTICIPATION**
-Direct Loan: Up to \$100,000. The Fund seeks to limit its participation to 25% of the total financing requirement. The minimum loan is \$2,500.

- **TERM**

-Direct Loan: Negotiable up to five 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 Loan Fund.

- **FEE**

A fee is charged for all applications equal to one percent (1%) of the loan. One half of the fee is non-refundable and is due and payable at the time of application. The balance is due after approval. All fee income will be used as additional income for the Loan Fund. This fee can be waived or reduced if need can be shown.

- **COLLATERAL**

The Fund 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).

V

LOAN PACKAGING

The Maryland Small Business Development Center is available on an as-needed basis to assist in business plan preparation and evaluate all loan packaging prior to submission to the Fund. This service is provided free of charge.

VI

APPROVAL PROCEDURE

- Loan requests are made directly to the Economic Development Authority. Care will be taken to maintain confidentiality and the borrower's privacy.
- The Calvert Economic Development Authority will review and notify the applicant of action taken.

Applications will be processed only upon submission of the Fund application form and payment of the application fee. Upon staff review and eligibility determination, applications are presented to the Calvert Economic Development Authority for final recommendation. The Authority convenes monthly. A completed application submitted 30 days prior to an Authority meeting will be acted on at that meeting.

VII

SETTLEMENT PROCEDURE

Immediately following the Authority's approval decision, a commitment letter is issued. The Borrower has 10 business days to accept the terms and conditions for settlement. Settlement must occur within 60 business days from the date of acceptance of the commitment letter.