

Kent County Maryland Economic Development Office

For assistance please call 410.778.5188

Revolving Loan Fund Program

Program History

The Kent County Maryland Board of Commissioners (“Board”) has established a Revolving Loan Fund Program (“RLF”). This program was originated with the assistance of the Maryland Department of Business and Economic Development, with the initial RLF program monies coming from a U.S. Department of Housing and Urban Development Federal Community Development Block Grant. The RLF program will be administered through the Kent County Economic Development Office.

The program is intended to stimulate employment retention and growth by providing businesses already located, or seeking to locate, in Kent County, with long-term, below market rate financing. Offering below market rate financing to a portion of a proposed business project will allow prospective borrowers the opportunity they otherwise would not have had to complete their project. RLF loans are generally expected to provide lower interest rate financing in conjunction with standard financing arrangements with local financial institutions. A variety of financing needs are covered under the program, including commercial and industrial land and building acquisition, new construction and renovation activities, machinery and equipment purchases, and short term working capital needs.

Overall Program Features

1. **Loan Amounts:** Up to a maximum of \$75,000.*
2. **Rate:** Rates will vary depending upon loan purpose, amount, and term, but will generally be below the bank market rate for similar loans.**
3. **Term:** Terms will vary depending upon the loan purpose and amount, but will generally be similar to bank loans for the same purpose.
4. **Collateral:** In all cases, the personal guarantee of the business owner will be required. In addition, the appropriate liens will be filed on both tangible and intangible business assets. These liens may be subordinated to a principal lender, if one is also involved.
5. **Purpose:** Loan proceeds may be used for virtually any legitimate business purpose, including business start-up loans, working capital loans, fixed asset acquisition loans and real estate-related loans. If loan proceeds are being used for exterior changes to real property located in a historic district, the exterior changes are required to meet Secretary of the Interior Standards.
6. **Prepayment Penalty:** None

7. **Interest Deferrals:** If necessary, **and with Board approval**, the initial payment of the RLF loan may be deferred up to one year without interest or penalty, provided however that in such case the term will be shortened to insure that the final payment of the County loan occurs at the same time as the final payment of the principal lender's loan, if one is involved.

* Individual loan maximums may exceed \$75,000, on an exception basis, if the Board feels it is in the best interest of the County and the project.

** The Board may change the overall program fixed rate from time to time, however the rate set at the closing of a particular loan will not change during the life of that loan.

Program Eligibility and Requirements

1. Applicant's business must either be already located in or seeking to locate in Kent County.
2. Applicant must have some level of equity investment in their business.
3. Eligible projects include commercial and industrial land and building acquisition, new construction and renovation activities, machinery and equipment purchases, and short term working capital needs.
3. Projects must show that they will benefit the County by:
 - (i) Retaining existing jobs, or
 - (ii) Creating new full-time employment opportunities, or
 - (iii) Developing vacant or underutilized property, or
 - (iv) Reduce or eliminate slum or blight areas, or
 - (v) Leverage significant amounts of private investment.
4. The business applicant must demonstrate that the proposed project is not financially feasible "but for" the amount and term of the requested loan. **This requires a letter of denial from a recognized lending institution for the same loan being presented to the RLF.** This letter is required at application.

Overall Program Conditions

1. The granting of loans under the program is at the sole discretion of the Board and its RLG Loan Review Committee, with preference given to loan requests which create the most jobs.
2. At least 51% of the jobs created by any project shall be taken by low or moderate income persons, with County residents being utilized to the maximum extent possible. The Economic Development Office is required to monitor job creation for three years following the date of the closing of the loan to ensure that job creation goals are met.
3. Loans may be subordinated to other financing, if necessary, with the exception of the owner's equity. Collateral offered as security for the loan must be similar to collateral required by conventional bank financing, including personal guarantees.
4. Any project utilizing "Slum and Blight" as the sole benefit must submit site specific information in accordance with Small Cities CDBG requirements.
5. Applicants are bound to all applicable Local, State and Federal Laws and regulations, including historic preservation requirements.
6. Applicants must affirm not to discriminate upon the basis of race, creed, national origin, religion, age, sex, and handicap.

7. All rehabilitation and construction will conform to the County's Building Code Standards and the State's Handicap Code. In addition, any RLF project must comply with the Davis Bacon wage requirements, if applicable.

Application Process

1. Applicant meets with Economic Development Office personnel to discuss the proposed project.
2. Applicant completes and submits application. Applications received will be scheduled for review by a Board-appointed Loan Review Committee within two weeks of the receipt of the completed application.
3. The Economic Development Office will review the loan request for completeness and eligibility, and obtain all required personal and business credit reports. The complete loan package, along with the Economic Development Office's confirmation of appropriateness, is then forwarded to the Loan Review Committee at least three days prior to their scheduled meeting.
4. Once the application has been reviewed by the Loan Review Committee, the application, and the Committee's recommendation will be placed upon the next available Board meeting agenda. There will be no exceptions to this provision, as ample time must be allowed for authorized parties to review the application.
5. If needed, the Loan Review Committee or the Board may ask the applicant to meet with them prior to final approval.
6. The Economic Development Office then presents the loan request to the Board for its final determination.
7. Upon final approval by the Board, the Board will reserve adequate funds for the loan, while the applicant obtains any and all building or related municipal permits.
8. The Economic Development Office, with the assistance of the County Attorney, will prepare all documents, and the County Attorney will review all loan agreements, mortgage documents, jobs agreements, etc., for Board signing.
9. The Board and the applicant will execute all required documents and funds will be dispersed upon receipt of appropriate invoices and other required documentation.
10. The Economic Development Office will monitor job creation activity for three years following the date of the closing of the loan.

What's my next step?

If you believe that you have a financing need which meets the program eligibilities for one of our loan programs.....or if you would like more information on our programs..... please give us a call at 410.778.5188.

And thank you for thinking of Kent County during your business establishment, expansion and relocation planning.....