

Kent County Maryland Economic Development Office

Vineyard Loan Program

Program History

The Kent County Maryland Board of Commissioners (“Board”) has established a Vineyard Loan Program (“VLP”), which will be administered through the Kent County Economic Development Office.

The VLP is intended to stimulate the establishment of new grape vineyard acreage in Kent County by providing existing and proposed vineyard owners with unique term and rate financing. Offering this unique financing program to a portion of a proposed business project will allow prospective borrowers the opportunity they otherwise would not have had to complete their project. VLP loans are generally expected to provide lower interest rate financing in conjunction with the owner’s own equity. The program assists in covering up to one-half (to a maximum of \$6,000 per acre) of the cost of establishing a new vineyard. These costs could include site analysis, soil analysis and preparation, vine acquisition, pole and wire installation, and vine planting. The costs could include consultation fees from a Vineyard Management Company (VMC) or any services provided by a VMC relating to the establishment of new acreage. The ongoing costs of the operation of the vineyard will be the financial responsibility of the property owner.

Overall Program Features

1. **Loan Amounts:** Up to a maximum of \$6,000 per acre, with a minimum planting size of 5 acres and a maximum of 10 acres per borrower.*
2. **Rate:** Annual rate will be 5.00%, with the first six months of the loan being without interest. Interest will begin accruing on month seven. **
3. **Term:** Payments of principal and interest will not begin until month thirty-seven, at which time the full amortization of the loan will be for a maximum of seven years from the date of first payment.
4. **Collateral:** In all cases, the personal guarantee of the business owner will be required. In addition, a lien will be filed on the property on which the vineyard site is located. All costs relating to the filing of said liens, including but not limited to any necessary appraisals, surveys, title work, and mortgage policies, shall be paid by the borrower at the time of the loan closing.
5. **Purpose:** Loan proceeds will be used for up to one-half (to a maximum of \$6,000/acre) of the cost of putting in a new vineyard. These costs could include site analysis, soil analysis and preparation, vine acquisition, pole and wire installation, and vine planting. The costs could include consultation fees from a Vineyard Management Company (VMC) or any

services provided by a VMC relating to the establishment of new acreage. The ongoing costs of the operation of the vineyard will be the financial responsibility of the property owner.

6. **Prepayment Penalty:** None
7. **Interest Deferrals:** As noted above, for the first six months of the loan, the interest will be waived, and interest will begin accruing in month seven.

* The total loan program is limited to the first \$300,000 in loan requests, with a maximum of \$60,000 to any one borrower/vineyard location.

** The overall program fixed rate may change from time to time, depending upon market conditions, 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 vineyard must either be already located in or seeking to locate in Kent County.
2. Applicant must have some level of equity investment in their vineyard, depending upon the size of the project and the accompanying business plan. The equity investment could include the land values and the applicant's payment of the remaining one-half of the per-acre cost of establishing the additional acreage.
3. Applicant must prepare and present a complete business plan, acceptable to the County, evidencing a reasonable expectation of successful repayment of the original loan.
4. Applicants must affirm not to discriminate upon the basis of race, creed, national origin, religion, age, sex, and handicap.
5. All rehabilitation and construction, if applicable, will conform to the County's Building Code Standards and the State's Handicap Code. In addition, any VLP project must comply with the Davis Bacon wage requirements, if applicable.

Important Notice

The granting of loans under the program is at the sole discretion of the Board.

Application Process

1. Applicant meets with Economic Development Office personnel to discuss the proposed project.
2. Applicant completes and submits application. The Economic Development Office will review the loan request for completeness and eligibility, and obtain all required personal and business credit reports.
3. The complete loan package, along with the Economic Development Office's confirmation of appropriateness, is then forwarded to the VLP Loan Review Committee for consideration. Applications received will be scheduled for review by the committee generally within two weeks of the receipt of the completed application.

4. Once the application has been reviewed by the VLP Loan Review Committee, the application, and the Committee's recommendation, will be placed upon the next available Board meeting agenda.
5. If needed, the VLP 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. 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, etc., for Board signing, if applicable.
8. The Board, or its designee, and the applicant will execute all required documents and funds will be dispersed upon receipt of appropriate invoices and other required documentation.
9. The Economic Development Office will monitor the loan and vineyard activity for the period of the loan.

What's my next step?

If you are interested in establishing a new vineyard, or expanding existing vineyard acreage.....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 vineyard establishment, expansion and relocation planning.....