

Economic Development
The County Commissioners of Kent County
400 High Street, 3rd Floor
Chestertown, MD 21620
410-810-2168

ELIGIBILITY AND APPLICATION GUIDELINES
KENT COUNTY - REVOLVING LOAN FUND

Loans to Kent County Businesses

- Loan amounts of \$10,000 to \$50,000.
- One active loan per business owner.
- Priced at or below current market interest rates (i.e. 5% to 7%).
- Terms are 5-7 years.
- Eligible purposes: business acquisition, commercial real estate acquisition, new construction, building improvements, equipment purchase, leasehold improvements, business startup costs, and short term operating capital.
- Eligible entities include startups and existing businesses.
- Use of standard underwriting practices; factors to be considered include repayment capacity, financial strength of the company and guarantors, industry and management experience, and collateral protection.
- Post-closing: servicing, loan monitoring, billing, and collections administered by the Eastern Shore Entrepreneurship Center (ESEC) staff.

Loan Requirements

- Personal credit (600 or above).
- Collateral required when available.
- All owners with more than 20% ownership must personally guaranty the loan.
- Life insurance on owner/guarantor where no valid succession plan is in place.
- Minimum equity injection of 10%, from the owner, for startup businesses.
- Business plan and financial projections required.

Excluded Transactions

- Financing existing debt where the fund is in position to take a loss.
- Loans to effect ownership change that will not benefit the business.
- Loans for the reimbursement of funds owed to an owner or reimbursement of equity injection.
- Loans for repayment of delinquent state or federal taxes.
- Non-owner occupied real estate.
- Personal expenses of owner(s) or employees.
- Other exclusions may apply.

Application Process and Fees

- Seven (7) application deadlines are established at the start of each calendar year for the submission of loan applications. The Economic Development Office must receive completed applications two weeks prior to ESEC's application deadline to facilitate the technical review process.
- Submitted loan applications are reviewed by the Economic Development Coordinator and must successfully complete technical review by the local SCORE mentor designated by the Chair of the Upper Shore Chapter 670.
- A \$100 application fee must accompany all applications.
- Any loan applications found to be incomplete are returned to the applicant without consideration. Returned applications may be resubmitted by a future deadline.
- Accepted applicants are then scheduled to appear before ESEC's Loan Review Committee which meets seven (7) times per year, two weeks after application deadline. Primary business owner must appear before the Loan Review Committee. The Loan Review Committee is made up of regional entrepreneurs, attorneys, financial and marketing professionals, and economic development service providers.
- Each interview lasts approximately 45 minutes, allowing 15 minutes for the applicant to make an oral case in support of their application followed by 30 minutes of Q&A by the Loan Review Committee.
- Recommendations are submitted to the Board of County Commissioners of Kent County for final approval. The recommendation will include proposed terms and interest rate.
- Applicants are ordinarily notified within two days as to the County Commissioners' decision.

- Approved loans are ordinarily closed within ten (10) days of notification.
- A 1% origination fee is added to loan principals at closing.
- Applicant will be required to meet with SCORE monthly or as directed by SCORE mentor.
- The meetings with the SCORE mentor are to monitor the performance of the business against the business plan.

Complete Loan Application Package includes:

- Completed application.
- Completed business plan.
- Required attachments per checklist.
- Credit report(s).

REQUIRED ATTACHMENTS CHECKLIST

Important: Applications missing ANY of the below attachments will be considered **INCOMPLETE** and **RETURNED** without consideration.

For startup businesses and businesses in operation less than two (2) years.

- Current Balance Sheet for each owner or partner (20+%).
- Personal financial statements for each owner or partner (20+%).
- Applicant income tax returns for the two preceding years.
- Complete business plan (including business description, market validation, marketing strategy, management resumes, financial strategy, and exit strategy)
- Business financial projections for three (3) years (including balance sheets, profit/loss statements, and cash flow).
- Copy of Life Insurance for each owner or partner (20+%).

For existing businesses over two years in operation.

- Company financial statements for the preceding two (2) fiscal years (including balance sheets and profit/loss statements).
- Most current year-to-date balance sheet and profit/loss statement(s).
- Company tax return for the preceding (2) fiscal years.
- Complete business plan (including business description, market validation, marketing strategy, management resumes, financial strategy, and exit strategy)
- History and description of the company, including management resumes of principal business owner(s) and a business growth strategy resulting from the requested loan that will help advance the company to the next stage and the anticipated outcomes of the financing.
- Copy of Life Insurance for each owner or partner (20+%).

For incorporated businesses.

- If business is incorporated, include complete copy of Certified Articles of Incorporation and all Amendments, and List of Corporate Officers and Titles.
- Complete business plan (including business description, market validation, marketing strategy, management resumes, financial strategy, and exit strategy)
- Copy of Life Insurance for each owner or partner (20+%).