

## Carroll County Small Business Revolving Loan Fund Guidelines and Program Description

Carroll County is primarily comprised of small business enterprises. Given that, and the fact that small business enterprises generate the most job growth locally and nationally, it becomes vital for Carroll County to create a small business ecosystem that supports business start-up and growth.

While it is important to provide small business support and resources it is also important to recognize the impediments that small business owners face while seeking financing. Many times, conventional loans aren't available due to any number of reasons such as the company is just starting, collateral is lacking or the cash flow is not yet sufficient. When a small business owner is denied conventional financing, oftentimes they are forced to use a personal credit card and pay the high interest rates associated with these cards.

The purpose of the Carroll County Small Business Revolving Loan Fund ("SBRLF") is to assist small companies obtain financing when conventional loans are not possible.

The following guidelines will be followed when an applicant seeks funding through the SBRLF:

1. The business must be located in Carroll County
2. The business is small (i.e. under 25 employees)
3. The business is not qualified to acquire conventional commercial financing and must provide supporting documentation from a bank
4. The business must provide all required documentation as outlined in the application and underwriting guidelines

### **Loan Amount**

- The maximum loan considered will not exceed \$25,000 to ensure that loan funds are available for other projects

### **Loan Terms**

- Loan term is 10 years with a three year balloon
- Interest rate on loans will be prime plus 2.5%.

### **Program Management**

- The loan program will be administered by the Carroll County Department of Economic Development
- The Carroll County Attorney will provide legal support in preparing loan documents and legal review
- The County Comptroller will maintain the county and state committed grant funds and will disburse funds and receive loan payments from borrowers
- The Comptroller will provide the Department of Economic Development with a monthly status report on all loans

- If an account is in arrears, the Department of Economic Development will make an attempt to contact borrower and determine if borrower will be able to return to re-payment schedule or if the account is deemed to be in default
- The County Attorney's office will follow appropriate and applicable legal procedures if a borrower is found to be in default

### **Application**

- A completed loan application must be filled out and submitted to the Department of Economic Development
- The application must include the following:
  - Corporate organizational documentation
  - Certificate of Good Standing from the State, dated within 30 days of loan settlement
  - Financial projections of three years based on business plan.
  - Financial track record (three years of company financial reports)
  - Personal credit history
    - FICO Score
    - three years of personal income tax returns
- Loans must be presented and approved by the Loan Committee, consisting of three members including the Carroll County Administrator of Small Business

### **Underwriting Criteria**

- Borrower must provide all requested loan application documents
- Borrower must provide a valid business address
- Review and approval of business plan and financial projections
- Clear lien and judgment report
- Debt Service Coverage Ratio
- Experience of management team
- Target market conditions
- Completion or waiver of required financial education courses