

**HOWARD COUNTY ECONOMIC DEVELOPMENT AUTHORITY
CATALYST LOAN PROGRAM**

GUIDELINES FOR APPROVAL OF LOANS

The purpose of the Howard County Catalyst Loan Program (“Program”) is to assist in the creation and growth of successful small emerging businesses located within Howard County. The Howard County Economic Development Authority (“EDA”), through its Incentives Committee, is the entity responsible for approving applications for loans from the Program. A loan application, in a form approved by the EDA, will be evaluated based on the following guidelines:

1. The business is a small, early stage and emerging growth business that has been in operation for five years or less.
2. The business is a new business, an existing business outside the County which desires to relocate within the County, or existing businesses expanding within Howard County;
3. The business does not qualify for conventional financing for the full amount to achieve the business goal without a loan from this program.
4. The loan may be subordinate to commercial financing.
5. The business owner(s) must have a minimum credit score of 550.
6. All owners of at least 20% of the business are willing to personally guarantee the full amount of the loan.
7. The business has a debt to gross income ratio of 45-50%.
8. The owner has sufficient capital to collateralize the loan.
9. The business will establish and maintain a physical corporate presence in Howard County for the term of the loan.
10. The business has not received three (3) or more loans from the Program.
11. The business has not received more than \$200,000.00 in loans from the Program.

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12. Consideration will be given to the number of full time employees added in Howard County as a result of the loan.
- 13 The Committee will consider the adequacy of the business plan.

Approval of a loan under the Program is not a right or entitlement established by Maryland law or these guidelines. The EDA reserves the right, in its sole discretion, to amend or waive these guidelines when such waiver would further the County's goals for the Program.

Loan Amount

- The minimum loan amount is \$25,000 and the maximum loan limit is \$100,000.

Loan Terms

- Loan repayment schedules will vary from 2 to 5 years and at the discretion of the Incentives Committee, depending upon the loan amount, the amount requested and other underwriting criteria.
- Loans will bear an annual interest rate of 2%.
- Quarterly status reviews with an advisory group would be required, with the loan recipient paying a fee for that service.

Program Management

- The program will be administered by the Howard County Economic Development Authority ("EDA").
- The loan recipient will be responsible for all underwriting and closing costs which will be paid at closing.
- The Howard County Department of Finance will maintain the Catalyst Loan Program funds in a separate fund account for the purposes of receiving program funding, loan disbursements and receipt of loan payments including principal and interest.

Application Requirements

- Applicants will submit a completed loan application, copies of which are available from the Economic Development Authority.
- Application fee of \$350 (non-refundable) is due at the time of application submission.

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- The applicant must submit with the application the following:
 - Corporate organizational documentation.
 - Certificate of Good Standing from the State, dated within 30 days of loan settlement.
 - Last two years of corporate tax returns, and personal tax returns for principals and guarantors of the business loan.
 - Business Plan, including product and services descriptions, marketing plan, management team information, and 2 years of Financial Projections.
 - Executed Authorization for Consumer Credit Report Review from all company principals and guarantors of the business loan.

Underwriting Requirements

- Borrower provides all requested loan application documents.
- Evidence of business physically located and operating in Howard County.
- Satisfactory review and acceptance of all financial information, including a loan financial analysis performed to ensure loan affordability.
- Satisfactory review of organizational documents and State Good Standing certification.
- Review and approval of the business plan and financial projections.
- Clear lien and judgment report to be issued from the settlement attorney.
- Applicant is responsible for loan underwriting fees, to be collected at loan closing.

Settlement Requirements

- Applicant will be responsible for settlement fees and all related loan fees to be payable with certified funds at settlement.
Principles of the business and loan guarantors are authorized to execute lending documents.