

VOLT MICRO LOAN FAQ's

1. **What size loans does the fund issue under this program?** The fund issues loans up to \$50,000.
2. **Where does my business need to be located in order to possibly qualify?** The business must be located in or relocating to the State of Maryland. Half of the fund's investment will be targeted to small, minority, women and veteran owned businesses located within a ten mile radius of Maryland's six existing casinos, Maryland Live in Anne Arundel County, Hollywood Park in Cecil County, Rocky Gap Casino in Allegany County, Ocean Downs in Worcester County, MGM in Prince Georges County and the Horseshoe Casino in Baltimore City. The other half will be available to small businesses throughout the State of Maryland.
3. **If my business is not located in Anne Arundel County, can I still apply for the VOLT Fund?** Any business in the State of Maryland can apply for the VOLT Fund. However, borrowers located in Montgomery, Howard, Prince Georges, Baltimore County and Baltimore City should first contact their local fund manager regarding funding. Contact information for all fund managers are available at the following link:
<https://commerce.maryland.gov/fund/programs-for-businesses/vlt> .
4. **How do you define a small business?** Small business is defined by SBA size standards. You can check your business by NAICS code at the following website <https://www.sba.gov/federal-contracting/contracting-guide/size-standards/size-standards-tool>
5. **Does the VOLT Microloan program fund startup businesses?** The VOLT Micro loan program does not provide start up financing. Rather, it supports businesses in existence over two years to grow and scale.
6. **Are any business types excluded from accessing the fund?** The State of Maryland prohibits loans to adult bookstores, adult video shops, other adult entertainment facilities, gambling facilities, gun shops, liquor stores, unlicensed massage parlors, pawn shops, tanning salons, tattoo parlors, and residential or transient living facilities. The fund also cannot make loans for the purposes of acquiring non-owner occupied/investor commercial or residential property.
7. **Are there any other exclusions for the fund?** Borrowers cannot owe past due federal and/or state taxes or past due court ordered payments even if on a payment plan. This would also apply to any owner or guarantor.
8. **What are the interest rates for loans?** The interest rate on the VOLT Micro loan is 2% fixed.
9. **Are there any fees I will be charged?** The VOLT Micro loan does not have any fees or closing costs associated with issuing a loan.
10. **What is the normal length and payment terms of a VOLT loan?** The normal term of a business loan is 5 years. During the 1st year, the payments may be interest only with the remaining 4-year term being principal and interest payments.
11. **Do you refinance bank debt?** The fund does not refinance bank debt or replace bank financing. VOLT financing will also not replace or be a substitute for a loan already approved by another lending institution.

12. **If I got turned down by a bank, does that mean I will not qualify for a loan?** If you have been turned down by a bank you may still qualify for financing. The fund's guidelines provide flexibility outside of traditional bank guidelines.
13. **What factors are considered in the underwriting process?** Factors to be considered include repayment capacity, financial strength of the company and guarantors, industry and management experience, and collateral protection. The borrower will provide a breakdown of use of funds to accompany expansion plan with financial projections showing effect of funding to business profitability and the ability to service the proposed debt.
14. **Do you require personal guaranties?** Yes, all owners over 20% must guarantee the loan. Owners with less than 20% ownership also may be required to guarantee the loan if integral in business operations.
15. **Is there a minimum credit score requirement?** In general, the minimum required credit score requirement for the micro loan is 600. All bills must be currently up to date. with no open or unpaid collections or judgements.
16. **Do I have to pledge collateral?** Yes, available collateral normally including a lien against business assets will be required to be pledged for a VOLT Micro loan.
17. **What if I do not have adequate collateral to fully cover the loan request?** A collateral deficiency will not exclude borrowers from potentially obtaining a loan.
18. **Are spousal guaranties required?** If the business owner/guarantor owns their personal assets (house, bank accounts, automobiles, etc.) jointly with a spouse and/or files joint personal tax returns, then both guaranties will be required.
19. **Is this a grant or a loan that needs to be paid back?** The Volt Micro loan is not a grant and must be paid back.
20. **What loan purposes qualify for financing?** Any legitimate business purpose will be considered for funding. Common eligible purposes include; commercial real estate purchase, equipment purchase, leasehold improvements, business start-up costs, and working capital.
21. **Can the funds be used for new product development?** In general funds from the VOLT Fund are not for new product development or research & development of a new product.
22. **How do I apply for a loan?** An application should be filled out and all information listed on the application checklist should be posted to <https://aaedc.submittable.com/submit/2f7d174d-8058-4ffd-bdb8-0bb5387692d4/volt-micro-loan>.
23. **Can I apply at any time or is there a period when you accept applications for?** The fund accepts application on a rolling basis if funding is available.
24. **How long does the application and approval process take?** The application process involves several stages. AAEDC typically conducts an initial review of complete applications within 7 days. If AAEDC decides to move forward after the review, we will issue a term sheet outlining the proposed loan terms. If those terms are acceptable, the underwriting process will begin. The total time from when the application is submitted to approval is approximately 30 - 120 days. The exact timing will depend on the size of loan and type of transaction.
25. **Are there any special requirements for the VOLT Micro loan program?** The company must have under \$500,000 in revenue and under 10 employees; successfully graduated a business accelerator program, and must be in business for 2 years.

26. **What happens next if I am approved for a loan?** If approved the AAEDC will issue a commitment letter. After we receive the executed commitment letter back, we will begin to draft documents and issue a checklist of closing items (corporate documents, insurance, etc.) needed for closing. After the closing items are received the closing documents will be sent out via DocuSign for signature.
27. **How long does the closing process take after approval?** After loan approval, it typically takes 15-30 days to get to closing.
28. **Who can I contact with questions about the program?** You can contact Stephen Primosch, AAEDC's Vice President of Financial Services at 410-222-7410 or sprimosch@aaedc.org.
- .