

Financial Services Corporation - Fiscal Year 2023 Budget Review Summary

Proposed FY 2023 Operating Budget

Revenue							
Fund	FY 2021 Actual	FY 2022 Approved	FY 2022 Estimated	% Change Est vs App	FY 2023 Proposed	\$ Change	% Change
County Grant	\$ 1,203,100	\$ 1,094,800	\$ 1,094,800	0.0%	\$ 1,094,800	\$ -	0.0%
Other Sources	2,108,767	871,200	1,020,500	17.1%	925,100	53,900	6.2%
Total	\$ 3,311,867	\$ 1,966,000	\$ 2,115,300	7.6%	\$ 2,019,900	\$ 53,900	2.7%

Expenditures by Category

Category	FY 2021 Actual	FY 2022 Approved	FY 2022 Estimated	FY 2023 Proposed	\$ Change	% Change
Compensation	\$ 1,122,728	\$ 1,074,400	\$ 1,211,800	\$ 1,096,800	\$ 22,400	2.1%
Fringe Benefits	292,896	313,700	353,800	320,300	\$ 6,600	2.1%
Operating Expenses	1,793,921	577,900	549,700	602,800	\$ 24,900	4.3%
Total	\$ 3,209,545	\$ 1,966,000	\$ 2,115,300	\$ 2,019,900	\$ 53,900	2.7%

FY 2023 Proposed Budget – Key Highlights

- The FY 2023 Proposed Budget for the Financial Services Corporation (FSC First) is \$2,019,900, an increase of \$53,900, or 2.7%, above the FY 2022 Approved Budget. FSC First is primarily funded through an annual County grant in the Non-Departmental section of the budget, which is proposed at \$1,094,800.
- In FY 2023, compensation is proposed at \$1,096,800, which is an increase of \$22,400 or 2.1%, above the FY 2022 Approved Budget. The increase is due to mandated salary requirements. Funding is provided for 11 full-time positions. FSC First reported that merit increases will be considered on a case-by-case basis, if savings are realized within the budget.
- FY 2023 fringe benefits are proposed at \$320,300, an increase of \$6,600, or 2.1%, above the FY 2022 Approved Budget.
- FY 2023 operating expenses are proposed to increase by \$24,900, or 4.3%, above the FY 2022 Approved Budget.
- Since its inception and as of June 2021, the Economic Development Incentive (EDI) Fund has closed 21 conventional loans, totaling \$24,207,500, and created 1,108 jobs and retained 1,330 jobs for a total of 2,438 jobs. During the same time frame, the EDI Fund closed 28 conditional loans for a total of \$15,111,000 while creating 2,124 and retaining 4,056 jobs for a total of 6,180 jobs. 30% of the jobs were obtained by County residents.

Other Loan Programs

- The Contractors Advantage Program and the Green Energy Fund have not closed any transactions, Due to a rise in construction materials and energy retrofit components, many contractors and energy vendors are experiencing significant delays and deferment of project starts.
- The Commercial Property Assessed Clean Energy (C-PACE) Program has closed three (3) loans and two (2) increases/modifications totaling \$1,552,982
- VLT Program – Allocated \$3,725,000, of which \$2,975,000 is available to lend. FSC First was granted another \$1,250,000 for this program’s emergency relief initiatives, which has been fully disbursed as of June 30, 2021
- The amount of funding for the Small Business Growth Fund is \$410,362 as of February 28, 2022

FY 2022 Key Accomplishments

- In FY 2022, FSC First has - counseled 173 business, funded \$10.2 million in loans, created and retained 481 jobs through loan programs, funded \$800,000 in grants; and assisted 200 businesses with grants.



**THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigation**

May 5, 2022

MEMORANDUM

TO: Mel Franklin, Chair
Planning, Housing and Economic Development (PHED) Committee

THRU: Turkessa M. Green, County Auditor *TMG*
Joseph R. Hamlin, Director of Budget and Policy Analysis *JRH*

FROM: Warren E. Burris, Senior Legislative Budget & Policy Analyst *WLB*

RE: Financial Services Corporation
Fiscal Year 2023 Budget Review (Non-Departmental Grants & Transfer Payments)

Budget Overview

The Financial Services Corporation (FSC First) is primarily funded through an annual County grant in the Non-Departmental section of the budget. FSC First's proposed FY 2023 budget reflects County grant funding in the amount of \$1,094,800. The funding amount is consistent with the FY 2022 Approved Budget.

Approved Fiscal Year 2022 to Proposed Fiscal Year 2023

Category	FY 2021 Actual	FY 2022 Approved	FY 2022 Estimated	FY 2023 Proposed	Change Amount	Percentage Change
Prince George's County Grant	\$ 1,203,100	\$ 1,094,800	\$ 1,094,800	\$ 1,094,800	\$ -	0.0%

Budget Comparison - Consolidated Budget

FY 2023 proposed revenues for the Financial Services Corporation total \$2,019,900, an increase of \$53,900, or 2.7%, above the FY 2022 Approved Budget. This net change is attributed mainly to anticipated increases in Net Loan Program Income (\$93,000) and Management/Servicing Fees (\$81,500), offset by decreases in Net Fundraising Revenue (\$118,100) and Other Income (\$2,500).

Revenue							
Fund	FY 2021 Actual	FY 2022 Approved	FY 2022 Estimated	% Change Est vs App	FY 2023 Proposed	\$ Change	% Change
County Grant	\$ 1,203,100	\$ 1,094,800	\$ 1,094,800	0.0%	\$ 1,094,800	\$ -	0.0%
Other Sources	2,108,767	871,200	1,020,500	17.1%	925,100	53,900	6.2%
Total	\$ 3,311,867	\$ 1,966,000	\$ 2,115,300	7.6%	\$ 2,019,900	\$ 53,900	2.7%

Approved Fiscal Year 2022 to Proposed Fiscal Year 2023

Category	FY 2021 Actual	FY 2022 Approved	FY 2022 Estimated	FY 2023 Proposed	\$ Change	% Change
<u>REVENUES</u>						
Prince George's County Grant	1,203,100	1,094,800	1,094,800	1,094,800	0	0.0%
Legacy & County COVID-19 Grants	1,418,931	0	0	0	0	0.0%
Net Loan Program Income	215,526	182,000	225,000	275,000	93,000	51.1%
Management/Servicing Fees	328,558	518,500	600,000	600,000	81,500	15.7%
Net Fundraising Revenue	102,324	150,700	170,000	32,600	-118,100	-78.4%
Other Income	43,428	20,000	25,500	17,500	-2,500	-12.5%
Total	3,311,867	1,966,000	2,115,300	2,019,900	53,900	2.7%
<u>EXPENDITURES</u>						
Compensation	1,122,728	1,074,400	1,211,800	1,096,800	22,400	2.1%
Fringe Benefits	292,896	313,700	353,800	320,300	6,600	2.1%
<u>Operating</u>						
IT Maintenance & Service	53,942	57,000	57,000	54,000	-3,000	-5.3%
Accounting, Compliance & Auditing Services	65,000	63,000	63,000	65,000	2,000	3.2%
Payroll & Administrative Costs	18,000	17,000	18,000	18,000	1,000	5.9%
Interest Expenses	74,533	77,000	76,000	84,000	7,000	9.1%
Legal Fees	750	1,000	1,000	1,000	0	0.0%
Travel (Mileage, Hotel Airfare, Meals)	550	1,700	3,200	1,900	200	11.8%
Office Supplies & Expenses	8,900	14,200	8,900	14,200	0	0.0%
Office Equipment Lease	8,778	12,700	8,800	12,700	0	0.0%
Marketing, Supplies & Public Relations	35,808	20,000	20,000	20,000	0	0.0%
Depreciation	7,523	8,500	7,500	8,500	0	0.0%
Insurance Premium / Renewal	19,185	18,000	19,200	19,500	1,500	8.3%
Portfolio Services	31,000	17,000	22,000	17,000	0	0.0%
Software Licenses & Maintenance Fees	50,203	15,000	17,500	30,000	15,000	100.0%
Copying / Printing	4,449	2,000	1,500	2,000	0	0.0%
Telephone & Teleconferences	9,008	8,500	9,000	9,500	1,000	11.8%
Board & Committee Meeting Exp	-	1,000	1,000	1,000	-	0.0%
Loan Loss Reserves	100,000	100,000	100,000	100,000	-	0.0%
Liquidation & Collection Services	12,188	15,000	12,000	15,000	-	0.0%
Staff Development/Training Conferences	10,616	4,000	4,000	4,000	-	0.0%
Subscriptions, Dues, & Misc.	46,055	20,000	21,500	20,000	-	0.0%
Special Program Expenses	1,231,232	105,000	78,100	105,000	-	0.0%
Facility Allocation - Operating Costs	-	-	-	-	-	0.0%
Miscellaneous / Other Expenses	6,201	300	500	500	200	66.7%
Sub-Total	\$ 1,793,921	\$ 577,900	\$ 549,700	\$ 602,800	\$ 24,900	4.3%
Total	\$ 3,209,545	\$ 1,966,000	\$ 2,115,300	\$ 2,019,900	\$ 53,900	2.7%

Source: FY 2023 First Round Responses Page 17 & 18

Staffing Changes and Compensation

- In FY 2023, compensation is proposed at \$1,096,800, which is an increase of \$22,400, or 2.1%, above the FY 2022 Approved Budget. The increase is due to mandatory salary requirements. Merit increases will be awarded based upon performance, with an average award of 3.5%.
- The FY 2023 Proposed Budget includes funding for 11 full-time positions.

General Fund Staffing Levels FY 2021 – FY 2023				
Position	2021 Actual	2022 Approved	2022 Estimate	2023 Proposed
Authorized: Full-Time Regular – On-board	11	9	11	11
Authorized: Full-Time Regular - Funded Vacant	0	2	0	0
Total	11	11	11	11

Fringe Benefits

- Fringe benefit expenditures are proposed at \$320,300 in FY 2023, an increase of \$6,600, or 2.1%, above the FY 2022 Approved Budget, to align with projected costs.

Operating Expenses

- In FY 2023, operating expenditures are proposed at \$602,800 and are comprised of the following major items:
 - Contractual \$ 137,000
 - Indirect Costs 465,800
- FY 2023 operating expenses are proposed to increase by \$24,900, or 4.3%, above the FY 2022 Approved Budget. The most significant increase in operating expenses is Software Licenses and Maintenance Fees, which are proposed to increase by \$15,000 to \$30,000 in FY 2023.

Mission

- FSC First is a non-profit organization whose mission is to provide small and minority-owned businesses access to creative, flexible and innovative financing solutions for their operations including direct loans, accounts receivable financing and contract financing (e.g., commercial real estate and equipment loans).

Economic Development Incentive (EDI) Fund

- Prince George’s County has dedicated \$50 million to provide for the retention, expansion, and attraction of businesses that will broaden the County’s commercial tax base, retain and attract jobs, support small and local enterprises, and promote development and development opportunities, transit-oriented development and the growth of key industry sectors. The Economic Development Incentive (EDI) Fund is administered by FSC First and the Prince George’s County Economic Development Corporation (EDC). The project must demonstrate that “but for” the County offering

public incentives, the project would not proceed and that this investment is leveraged with additional private and public dollars.

- Since its inception and as of June 2021, the EDI Fund has closed 21 conventional loans, totaling \$24,207,500, and created 1,108 jobs and retained 1,330 jobs for a total of 2,438 jobs. During the same time frame, the EDI Fund closed 28 conditional loans for a total of \$15,111,000 while creating 2,124 and retaining 4,056 jobs for a total of 6,180 jobs. 30% of the jobs were obtained by County residents.
- Below is the calculation for the FSC First’s EDI Fund balance and activity as of February 28, 2022:

EDI Fund Balance and Activity as of 2/28/22:	
Starting Balance	\$50,000,000
Less Loans Committed	(41,168,500)
Sub-Total	8,831,500
Plus Principal Repayments	13,679,657
Plus Interest Repayments	2,373,816
Minus EDIF COVID-19 Relief Contribution	2,500,000
Projected Total to Spend in Loan Fund @ 2/29/2022	\$22,384,973

Note: The \$50 million starting balance is based upon initial assigned amount. Each year \$9 million is estimated to be appropriated for the EDI Fund with each loan amount to be approved by County Council legislation.

FY 2022 Expenditures @ 02/28/2022	
GFM Addison Plaza aka Giant Foods Market	\$36,401
1802 Brightseat LLC & Metropolitan Protective Services	\$0
Ft. Washington Livingston LLC	\$2,000,000
Total FY 2022 Expenditures	\$2,036,401
FY 2022 Additional Expenditures by 6/30/22	
1802 Brightseat LLC & Metropolitan Protective Services	\$436,522
Capital Lighting	\$250,000
College Park JV	\$500,000
Total Additional Expenditures	\$1,186,522
FY 2022 Pipeline as of 02/28/2022	\$868,000
Total Estimated Expenditures	\$4,090,923

Other Loan Programs

- The Contractors Advantage Program and the Green Energy Fund have not closed any transactions, Due to a rise in construction materials and energy retrofit components, many contractors and energy vendors are experiencing significant delays and deferment of project starts.
- The Commercial Property Assesses Clean Energy (C-PACE) Program has closed three (3) loans and two (2) increases/modifications totaling \$1,552,982
- VLT Program – Allocated \$3,725,000, of which \$2,975,000 available to lend. FSC First was granted another \$1,250,000 for this program’s emergency relief initiatives, which has been fully disbursed as of June 30, 2021

- The amount of funding for the Small Business Growth Fund is \$410,362 as of February 28, 2022

	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimated	FY 2023 Projected
Loans Closed	17	27	17	30
Jobs Created/Supported	235	494	1,013	481
Funded/Closed Loans	\$3,400,000	\$5,100,000	\$6,200,000	\$7,000,000

FY 2022 Key Accomplishments and Highlights

In FY 2022, FSC has:

- Counseled 173 business;
- Funded \$10.2 million in loans;
- Created and retained 481 jobs through loan programs;
- Funded \$800,000 in grants; and
- Assisted 200 Businesses with grants.

Strategic Focus and Initiatives for FY 2023

The agency's top priority for FY 2023 is to lend \$10.2 million in new loans to local businesses through various Federal, State and local programs.

Challenges and Opportunities for FY 2023

- Market volatility – Interest rate fluctuations, gas prices, homeland security and supply & demand issues all have the potential to negatively impact our economy. These factors could dissuade small, minority-, and woman-owned businesses from exploring financing options for the local operations.
- Increased regulations – Federal, State and local legislative initiatives from time to time have a more negative impact on small businesses than intended. This could be an impediment to the ability to remain open and operational. Using recent lessons from the pandemic, small businesses must be coached to plan and prepare for the unanticipated impact due to regulatory changes.
- Difficulty in finding footing in the County in terms of marketing and building referral relationships.
- Ability to be nimble/pivot for success, post-COVID-19.
- Challenge in meeting compliance and reporting obligations; the agency feels it will need to hire an additional staff person to reach out to each business every six months to measure jobs, revenues, and sustainability.
- Add a Community Relations Manager position to bridge the gap between FSC First and other agencies.

Portfolio Management

- The chart below details the status of the loan portfolio for FY 2022. See attachments A-1 and A-2 for details of FSC First’s current loan programs.

Program	FUNDED				UNFUNDED				ELIMINATED	
	Closed/Funded in FY 2022	# of	Current Outstanding Loan Balance * as of 02/28/2022	# of	In Closing Process/Pending but Approved * as of 02/28/2022	# of	Aggregate Amt of Loans in Pipeline * as of 02/28/2022	# of	Withdrawn in FY 2022 *	# of
Core										
SBA 504	\$ -		\$ 9,627,402	11	\$ 1,750,000	4	\$ 3,887,000	13		
SBA 7(a)	\$ -		\$ -		\$ -		\$ -		\$ -	
Small Business Growth Fund	\$ 200,000	2	\$ 1,760,737	16	\$ 175,000	2	\$ 370,000	6	\$ 62,500	1
Sub-Core										
VLT Flex Fund	\$ 200,000	1	\$ 1,916,936	11		0	\$ 180,000	1	\$ -	
VLT Relief	\$ 1,250,000	14	\$ 569,775	10		0	\$ -	0		
Micro-MD DHCD	\$ -	0	\$ 24,218	1	\$ -	0	\$ -	0	\$ -	
HUD 108	\$ -	0	\$ 304,765	1	\$ -	0	\$ -	0	\$ -	
City of Bowie Loan Fund	\$ -	0	\$ 78,952	2	\$ -	0	\$ -	0	\$ -	
Cap One		0	\$ 37,572	1		0		0		
EDI Fund	\$ 3,202,500	3	\$ 21,892,478	27	\$ 250,000	1	\$ 250,000	1	\$ -	
C-PACE	\$ 39,721	1	\$ 1,552,982	3	\$ -	0	\$ -	0	\$ -	
BEF	\$ -	0	\$ 284,348	1		0		0		
MDIF	\$ 169,700	5	\$ 145,300	4		0	\$ 50,000	1		
Strive for 35	\$ 50,000	1	\$ 43,892	1		0		0		
Total	\$ 5,111,921	27	\$ 38,239,357	89	\$ 2,175,000	7	\$ 4,737,000	22	\$ 62,500	1

Category Definitions

Closed/Funded- the loan was approved, closed with loan documented executed and funds disbursed

Current Outstanding Loan Balance- Current amount due including principal and/or interest

In Closing Process/Pending but Approved- the loan is approved but not closed and no funds have been disbursed. Still needs Council approval

Aggregate Amount of Loans in Pipeline-applications/loans packages in varying stages of the intake/pre-qualification/underwriting/approval process

Withdrawn-the loan will not close as a result of the applicant request or non-compliance with the terms of the commitment letter

Attachment A-1

FSC FIRST PROGRAMS

SBA 504 COMMERCIAL REAL ESTATE LOAN

This loan is ideal for more established business owners who desire to purchase owner-occupied commercial real estate. Interests in commercial real estate may include accommodations, warehouses, retail centers, office buildings, and venues for use by public and private entities. Loans are guaranteed by the U.S. Small Business Administration (SBA).

- **Loans:** Up to \$5.5 million for healthy expanding businesses
- **Loan Term:** 25 years for real estate, 10 years for machinery and equipment
- **Interest Rate:** Fixed, below market financing

SMALL BUSINESS GROWTH FUND (SBGF)

The Small Business Growth Fund (SBGF) is a public-private revolving loan fund targeted towards smaller, established businesses (at least 3 – 5 years of operating history). This may be used towards smaller real estate acquisitions, leasehold improvements, equipment purchases, working capital expenditures, and inventory and human capital increases for the purpose of expanding established businesses.

- **Loans:** \$25,000 – \$250,000 (\$100,000 maximum for start-ups)
- **Loan Term:** Up to 10 years
- **Interest Rate:** Wall Street Journal Prime Rate plus up to 6%
- **Collateral:** Business and Personal Assets
- Personal Guarantees required
- 10% cash down payment required for existing firms, and 20% cash required for start ups
- Prince George's County-based businesses ONLY

GREEN ENERGY LOAN PROGRAM

The Program was created to advance public and private investment in clean energy and other innovative green technologies in Prince George's County. This fund is a Pepco/Exelon sponsored program that supports an emerging industry in the County with loans up to \$250,000 for commercial building energy efficiency improvements, energy conservation & renewable energy measures.

- **Loans:** Loan, guarantees or loan loss reserve up to \$250,000
- **Loan Term:** Not to exceed 20 years
- **Interest Rate:** Dependent upon underwriting, typically not exceeding 6%
- **Application Fee:** 1% of loan amount
- **Administration/Program Fees:** 1.5% of allocation for software & servicing system licensing & set up
- **Loan Closing Fee:** 1% of loan amount
- **On-going Servicing/Guaranty Fee:** 20 bps on outstanding principal balance annually
- **Energy Audit or Feasibility Study Required?** Yes

CITY OF BOWIE LOAN FUND

FSC First is the designated Fund Manager for the City of Bowie Revolving Loan Fund which provides businesses with assistance for costs associated with leasehold improvements, equipment purchases, working capital expenditures, and human capital increases for the purpose of expanding their already-established business.

- **Loans:** Up to \$50,000
- **Loan Term:** 2 to 10-year maximum term
- **Interest Rate:** Wall Street Journal Prime Rate plus up to 6%
- Collateral: Business and Personal Assets
- Personal Guarantees required
- Businesses located in Bowie ONLY

MICRO-ENTERPRISE LOAN PROGRAM (MD DHCD)

FSC First is a designated Fund Manager for the Maryland Department of Housing & Community Development (MD DHCD). Eligibility includes leasehold improvements, equipment purchases, working capital expenditures, and human capital increases for the purpose of expanding an established business and feasible start-up.

- Loans: Ranging from \$5,000 – \$50,000
- Loan Term: 2 to 5-year maximum term
- Interest rate: Wall Street Journal Prime Rate plus up to 6%
- **Collateral:** Business and Personal Assets
- Personal Guarantees required
- Available to home-based businesses based on FSC First's approval
- Now available to businesses located in Priority Funding Areas (PFA's) and Sustainable Communities Statewide

ECONOMIC DEVELOPMENT INCENTIVE (EDI) FUND

FSC First is the designated Fund Manager for the Prince George's County EDI Fund. \$50 million has been allocated to provide for the retention, expansion and attraction of businesses that will broaden the county's commercial tax base, retain and attract jobs, support small and local enterprises, promote development and redevelopment opportunities, transit-oriented development and the growth of key industry sectors.

- **Loans:** \$250,000 minimum
- **Loan Term:** 10 years maximum, amortization not to exceed 25 years
- **Interest Rate:** 4% plus, depending on credit analysis
- **Eligible Uses:** Land and building acquisitions, building construction and improvement, equipment acquisition, and working capital
- Must create jobs and increase the commercial tax base – evaluation is conducted on a case by case basis by the EDC
- **Collateral:** Business and Personal Assets
- Personal Guarantees required
- Projects located in the County's developed tier, transit-oriented development areas, Transforming Neighborhoods Initiative areas and other focus areas will be given special priority
- Prince George's County ONLY

Attachment A-2

SMALL BUSINESS FLEX FUND

FSC First is the Intermediary lender for the State Department of Commerce's Video Lottery Terminal fund supports working capital needs, without requiring a government guarantee or the funding of loan loss reserves. The fund uses proceeds from video lottery terminals (slots) to assist small, minority, and women owned businesses located in targeted areas surrounding six Maryland casinos: Maryland Live in Anne Arundel County, Hollywood Casino Perryville in Cecil County, Rocky Gap in Allegany County, Ocean Downs in Worcester County, Horseshoe Casino in Baltimore City and National Harbor in Prince George's County.

Loan Amount: \$25,000 – \$250,000

COMMERCIAL PROPERTY ASSESSMENT FOR CLEAN ENERGY

FSC First is a designated Fund Manager for the Commercial Property Assessed Clean Energy (C-PACE) Program assists commercial property owners in accessing financing up to 20% of the appraised value to make qualifying energy efficiency and clean energy improvements to commercial properties with loans that are repaid through an annual surcharge on the owner's property tax bill. Eligible energy conservation measures include but are not limited to:

- Solar energy equipment
- Geothermal energy devices
- Wind energy systems
- Water conservation devices
- Measures or systems or any construction renovation or retrofitting of commercial property to reduce energy consumption including high efficiency lighting and building systems, heating ventilation air conditioning (HVAC) upgrades, high efficiency boilers & furnaces, high efficiency hot water heating systems, combustion & burner upgrades, fuel switching, heat recovery & steam traps
- Building shell or envelope improvements
- Fenestration improvements
- Building energy management systems and process equipment upgrades

STRIVE FOR 35 LOAN FUND

FSC First is a designated Fund Manager for the Washington Gas Strive for 35 Loan Fund. This loan is geared towards diverse vendors who are interested in working in the natural gas industry and may have difficulty obtaining capital through traditional sources. The fund is provided to assist minority-owned, women-owned and service-disabled veterans interested in serving the natural gas industry such as underground pipe and fitting, paving, engineering, hauling and removal, general construction, catering, staffing and employment agencies and other businesses whose services are needed by natural gas utilities.

- **Loan Amount:** \$10,000-\$50,000
- **Loan Term:** Up to 5 years (depending upon fund availability)
- **Interest:** Up to 7%
- **Personal Guaranty:** Required
- **Prepayment Penalty:** No
- **Application Fee:** 1% of Loan Amount

MOUNT RAINIER MILLION DOLLAR INCENTIVE FUND

(Suspended through 8/31/21)

FSC First is a designated Fund Manager for the Mt. Rainier Million Dollar Incentive Fund which may be used for the purchase of real estate or expansion, machinery, equipment, furniture, fixtures, construction, leasehold improvements, inventory and working capital for business purposes.

- **Loans:** Up to \$50,000
- **Loan Term:** Shall be tailored to suit the projected cash flow with the intent to minimize the terms to fewer than 5 – 7 years in most cases. Generally, loans will be fully amortized however, balloon payments may be set on a case-by-case basis.
- **Interest Rate:** Shall be determined by the application and all underwriting criteria.
- **Property/business** must be located in the City of Mount Rainier
- **Property** must be for commercial/business use. The property cannot be owned by the government
- **Applicant** must be 100% legal owner of the property as recorded on title or lease holder
- **Applicant** must have a City business license, be current on all license fees and taxes, and not have any outstanding City Code violations
- **Applicant** must demonstrate that recent taxes, surcharges and charges on the property have been paid
- **Applicant** must establish that the business or property owner is able to repay the loan provided under the MDIF program or has the ability to comply with the terms of the incentive agreement
- **Applicant** must be in good standing with the Maryland State Department of Assessments and Taxation

EDI FUND CONTRACTORS ADVANTAGE PROGRAM (CAP)

FSC First is a designated Fund Manager for the EDI Fund Contractors Advantage Program (CAP) utilizes \$1 million of EDI Funds to support County-based contractors seeking lines of credit to finance working capital, equipment, labor and materials.

- **Loans:** \$250,000 maximum
- **Loan Term:** 10 years max; amortization not to exceed 25 years
- **Interest Rate:** to be determined by the underwriting bank
- Collateral to be determined by the Bank
- Interest rate to be determined by the underwriting bank
- **Loan Term** of 10 years max; amortization not to exceed 25 years
- **Maximum line of credit:** \$250,000
- **Maximum 24-month loan term**
- **Maximum 25% Guarantee** (not to exceed \$62,500) to be provided by FSC First (CAP)
- **Personal Guaranties** required
- **Preference** for Local Small Minority Business Enterprises (LSMBEs) requiring assistance for Prince George's County-based projects only
- **Fee:** 1% of guaranteed portion of loan