



Tri County Council  
*For Western Maryland*

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## Western Maryland Revolving Loan Fund (WMD RLF)

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### ***Program Summary***

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Through its Western Maryland Revolving Loan Fund Program (**WMD RLF**), Tri County Council for Western Maryland (TCCWMD) enhances the economic activity in Allegany, Garrett, and Washington Counties. The WMD RLF Program assists business development and expansion in an effort to increase the number of jobs in the three counties. A project's eligibility for WMD RLF financing is tied directly to the number of permanent jobs created or retained.

The program operates by participating with banks and other private lenders to provide the portion of funding that is not available through your primary lender. The program can be used for both working capital and fixed assets.

Funds for the WMD RLF Program have been provided by the Economic Development Administration, the Appalachian Regional Commission, the State of Maryland, and our local governments.

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### ***Western Maryland Revolving Loan Fund Program***

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The purpose of the WMD RLF is to finance business ventures that cannot access 100% of their capital needs through traditional lending sources.

Eligible uses of the fund: business acquisition and expansion, land and building costs, purchase of machinery and equipment, start-up costs, and working capital.

- Loan amounts from \$10,000 to a maximum of \$500,000
- Interest rates are tied to the prime interest rate
- Terms of up to 15 years for real estate and fixed assets, and up to 5 years for working capital

Ineligible uses of the fund include: Real estate for speculation and refinancing existing debt.

### ***Loan Requirements***

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- The Business must be located in Allegany, Garrett or Washington County, MD
- A Business Plan is required
- Collateral requirements vary by loan
- A completed personal financial statement and 3 years of both business and personal tax returns
- Personal guaranties of the debt are required from all owners with 20% or greater interest
- Life insurance on owners/guarantors that are key to the business where no valid succession plan is proven
- Minimum equity injection of 10% for start-up businesses is generally required
- One job must be created or retained during the first 36 months of the loan term for every \$30,000 borrowed
- A denial letter from the primary lender stating they cannot fund 100% of the project, along with approval for financing for a majority of the project, if TCCWMD approves the remainder of the total project financing needs
- \$250 non-refundable application fee





**1. What kind of businesses are eligible for the WMD RLF Program loans?**

If you are a corporation, partnership, or sole proprietorship located in Garrett, Allegany, or Washington County in Western Maryland, you are eligible to apply for WMD RLF financing.

**2. Will the WMD RLF Program be able to finance my total project?**

Sorry, no, the WMD RLF Program is restricted to “gap financing”—that is, a private (bank) or other lender must also be involved in the project for a minimum of 50% of the total project cost.

**3. What are eligible uses for the WMD RLF Program ?**

WMD RLF Program loans may be used for land and building costs, purchase of machinery and equipment, and working capital. This applies to existing businesses, as well as start-ups.

**4. What may WMD RLF Program funds not be used for?**

We are unable to extend loans for:

- Refinancing existing debt
- Real estate for speculation
- Projects that do not create or retain permanent jobs
- Projects that otherwise qualify for financing through traditional lenders or other programs

**5. What are the job creation/retention requirements?**

The project to be financed must create or retain a minimum of one job for each \$30,000 of funds requested within the first 36 months of the loan term.

**6. Are there fees involved?**

We require an application fee of \$250 (non-refundable) for loan processing, and approved borrowers are assessed a one and one-half percent (1.5%) loan origination fee at closing.

**7. What is the maximum loan amount?**

Our loans range from a minimum of \$10,000 to maximum of \$500,000

**8. What kind of terms/interest rates are offered?**

Maximum loan terms are 5 years for working capital and up to 15 years for fixed assets. Our interest rates are tied to the prime interest rate and are generally similar to the rate of your primary lender.

**9. What kind of collateral is required?**

Summit Financing Solutions generally requires:

- Deeds of Trust
- Machinery, equipment, and fixture liens
- Personal guaranties of the debt
- Insurance – key man life and hazard insurance

**10. How do I apply for a WMD RLF Program loan?**

1. First, develop a business plan and detail your financing needs. Contact your local Small Business Development Center (SBDC) for assistance.
2. Apply for private (bank) financing. Determine how much the lender will loan and the conditions for the loan.
3. Complete the WMD RLF Program application form and submit it with the required information and your application fee. Your application will be presented to the Loan Review Committee at its next scheduled meeting.

**11. Does the WMD RLF charge a penalty for paying the loan off early?**

No, the primary objective of the fund is to create jobs. There will never be a penalty for developing a successful business and paying your loan off early.