



Tri County Council
For Western Maryland

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State Lottery Terminal Fund (SLoT)

Program Summary

Maryland law provides for 1.5% of the proceeds generated from video lottery terminals (slots) to be contributed to the Small, Minority, and Women-Owned Business Investment Account, known as the Video Lottery Terminal Account (**VLT**), to be distributed to small, minority and women-owned businesses (**Targeted Businesses**). At least 50% of the VLT allocations will be deployed to targeted businesses located within a designated area associated with our Maryland casino facilities. The other 50% will be available to small, minority and women-owned businesses located throughout Maryland.

Tri County Council for Western Maryland (TCCWMD) serves as a fund manager for the State's Video Lottery Terminal Account (**VLT**). TCCWMD's allotment of funds is distributed through its lending program—TCCWMD's State Lottery Terminal Fund (**SLoT**). Small, minority, women and veteran-owned businesses located within a designated area associated with our Maryland casinos (**Target Areas**), and those located elsewhere in the state may be eligible for loans between \$10,000 and \$1,000,000. Eligible projects include: business acquisition and expansion, owner occupied commercial real estate, lease-hold improvements, equipment and vehicle purchase, and working capital. In addition, the SLoT Fund will refinance existing debt under certain circumstances.



SLoT Fund

The purpose of the State Lottery Terminal Fund (SLoT) is to provide access to capital for small, minority, women and veteran-owned businesses in Maryland (**Targeted Businesses**). SLoT's geographic focus is on businesses which are in the designated areas associated with Maryland casino facilities. However, Targeted Businesses outside of the designated areas of casino facilities are also eligible for funding assistance.

Eligible uses of the fund include providing senior or subordinated loans for: business acquisition and expansion, owner occupied commercial real estate, lease-hold improvements, purchase of equipment, start-up costs, working capital, professional/technical assistance, and refinancing of existing debt under certain circumstances.

- Loan amounts from \$10,000 to \$1,000,000
- Competitive interest rates
- Terms up to 5 years for working capital and 15 years for fixed assets
- Use of standard underwriting practices – factors to be considered include repayment capacity and debt service coverage, financial strength of the company and guarantors, industry and management experience, and collateral protection

Loan Requirements

- A business plan is required
- Credit score of 650 or greater is generally required - lower credit scores are considered
- Collateral requirements vary by loan
- Personal guarantys are required from all owners with 20% or greater interest
- Life Insurance on owners key to the business where no valid succession plan is proven
- Minimum equity injection of 10% for start-up businesses is generally required



1. Where does my business need to be located in order to qualify?

The business must be located in the State of Maryland to qualify. Half of the fund's investment must go to businesses located in designated Target Areas associated with the various casinos. The other half of the investment funds can go to businesses located anywhere in Maryland.

2. How do you define a small business?

Small business is defined using Small Business Administration size standards. You can verify your business by NAICS Code on our website at www.tccwmd.org

3. How are interest rates on approved loans determined?

Interest rates are tied to the Wall Street Journal Prime Rate

4. Does the fund charge any fees in connection with getting a loan?

TCCWMD requires an application fee of \$250. If approved, an Origination Fee of 1% will be charged for loans over \$25,000. An Origination fee of \$100 will be charged on loans of \$25,000 or less. All closing costs, including the fees for loan document preparation by TCCWMD's legal counsel, will be the responsibility of the borrower.

5. How long does the process take?

After receipt of a complete application package and all supplemental clarifications, loans will receive a decision within 15 days and, if approved, closings will typically range between 20 to 45 days from receipt of the signed commitment letter.

6. If I got turned down by a bank, does that mean I will not qualify for a loan?

If you are turned down by a bank or other lending institution you may still qualify for a loan from TCCWMD.

7. Do I have to pledge collateral?

Yes. The fund requires that the borrower and guarantors provide collateral as available.

8. If I do not have collateral to pledge for a loan does that mean I will be turned down?

The lack of collateral will not disqualify you from applying for a TCCWMD loan, but it will be a key factor in determining the approval, loan amount, interest rate and term.

9. Do you require a business plan?

A business plan is required for all applicants.

10. What should be in a business plan?

A business plan generally should contain a detailed description of the product and/or service being provided, an industry outlook, a marketing plan, a description of the management team, personnel needs, and 3 years of financial projections with assumptions.

11. Do you require life insurance on owners/guarantors?

Life insurance will be required on the key principals/guarantors.

12. What is the minimum amount required as equity injection into a new business?

There is not a minimum requirement, but generally, an equity investment of 10% or greater of the total start-up cost is expected in a new business.

13. What is the minimum down payment required for an asset purchase (building, vehicles, and equipment)?

There is not a minimum requirement, but generally a down payment of 10% is expected for an asset purchase.