

VOLT LOAN FAQs

1. **What size loans does the Fund issue under this program?** The Fund issues loans between \$25,000 and \$500,000.
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-owned, woman-owned, 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?** For businesses and potential new businesses located in Montgomery, Howard, Prince Georges, Baltimore County, and Baltimore City the borrower should contact your local fund manager regarding funding. Contact information for all fund managers is available at the following link: <https://commerce.maryland.gov/fund/programs-for-businesses/vlt>. Businesses and potential new businesses located in other counties in Maryland that are not serviced by a local fund manager may apply for the VOLT Fund.
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 program fund startup businesses?** The VOLT Fund does allow startup businesses to apply for the funding including startup costs.
6. **Is there an equity requirement for a new business?** The borrower will be required to have an equity injection of 10% - 30% for a new business. Those funds will need to be injected into the business prior to VOLT funding. The exact amount of the equity requirement will be determined after underwriting the loan.
7. **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.
8. **Are there any other exclusions for the Fund?** We cannot make loans to a company that owes past due federal and/or state taxes even if on a payment plan. This would also apply to any owner or guarantor.

9. **What are the interest rates for loans?** The interest rate on the conventional VOLT Fund loan fixed and is currently set at 5%.
10. **Are there any fees I will be charged?** The VOLT Fund charges a 1% loan fee collected after approval at the time of execution of the commitment letter. The borrower is also required to pay any third-party fees that are incurred such as attorney, title, appraisal, and other fees associated with the transaction.
11. **What is the normal length and payment terms of a VOLT Fund loan?** The normal term of a business loan is five years. During the first year the payments may be interest only, with the remaining four-year term being principal interest payments. Longer terms up to 30 years may be available based on the purpose of the loan and available collateral.
12. **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.
13. **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 allow for additional flexibility outside of traditional bank guidelines.
14. **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. For startup businesses, we will be evaluating the strength of the business plan and financial projections for the new business venture.
15. **Do you require personal guaranties?** Yes, all owners over 20% must personally guarantee the loan. Owners with less than 20% ownership may also be required to guarantee the loan if integral to the business's operations.
16. **Is there a minimum credit score requirement?** In general, the minimum required credit score is 640. Credit scores lower than 640 will be considered if all bills are currently up to date and there are no open collections or judgements.
17. **Do I have to pledge collateral?** Yes, available collateral including personal assets will be required to be pledged if a collateral deficiency exists. That may include personal real estate owned jointly with a spouse even if they are not part of the business.
18. **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.

19. **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.
20. **Do VOLT funds need to be paid back?** In general VOLT is a loan program and funding must be paid back.
21. **Do you require a business plan?** If the business is a startup or has been in business less than a year, the applicant should provide a comprehensive business plan with two years of monthly financial projections with assumptions.
22. **What loan purposes qualify for financing?** Any legitimate business purpose will be considered. Common eligible purposes include commercial real estate purchase, equipment purchase, leasehold improvements, business startup costs, and working capital.
23. **Can the VOLT Fund be used to purchase a business?** Yes, the VOLT Fund can be used to purchase a business. Loans for business purchases are normally limited to \$250,000. The VOLT loan cannot be used for a partial ownership change and all owners of the business would be required to guarantee the loan.
24. **Can the funds be used for new product development?** In general, funds from the VOLT Fund are not for new product development or research and development of a new product.
25. **How do I apply for a loan?** Applicants must complete AAEDC's VOLT Fund Loan Application and provide all information listed on the application checklist:
<https://aaedc.submittable.com/submit/211806/volt-loan-application>.
26. **When can I apply?** AAEDC accepts applications on a rolling basis if funding is available.
27. **How long does the application and approval process take?** There are several stages in the application process. Normally, AAEDC strives to complete an initial review of complete applications within seven days. After initial review, if AAEDC decides to move forward we will issue a term sheet on the proposed terms of a potential loan. If the terms are agreeable, we will begin the underwriting process. The total time from application submission to approval is approximately 30 - 120 days. The exact timing will depend on the size of the loan and the type of transaction.
28. **What happens next if I am approved for a loan?** If you are approved for a loan, AAEDC will issue a commitment letter. After we receive the executed commitment letter and the 1% commitment fee, we will begin to draft documents and issue a checklist of items (corporate documents, insurance, etc.) needed for closing. After the closing items are received, the closing documents will be electronically sent out for signature.

29. **How long does the closing process take after approval?** After your loan is approved, it normally takes 15-30 days to reach your closing.

30. **Who can I contact with additional questions about the VOLT Fund?** You can contact Stephen Primosch, AAEDC's Vice President of Financial Services, at 410-222-7410 or sprimosch@aaedc.org.