

Welcome!



Small Biz Resource CONNECTIONS



Resource Partner:

**Maryland
Department of Housing and
Community Development**

Topic: Business Lending Programs



August 11, 2023

Governor's Office of Small, Minority & Women Business Affairs

- **Connect small, minority, women & veteran businesses to greater economic opportunities**
- **Host online resources for small business growth and development**
- **Oversight, monitoring, and compliance of three state socioeconomic procurement programs across 70 state agencies/departments**
- **Conduct statewide outreach and training programs**

<https://gomdsmallbiz.maryland.gov>

Maryland Socioeconomic Procurement Programs

www.goMDsmallbiz.maryland.gov

Small Business Reserve (SBR) Program

- Prime contracting program
- Based on size. State-defined small business eligibility standards apply
- Online certification process (eMMA)

Minority Business Enterprise (MBE) Program

- Subcontracting program
- Race and gender specific
- Application-based certification process at OMBE under MDOT

Veteran-Owned Small Business Enterprise (VSBE) Program

- Subcontracting program
- Based on verified Veteran status & size
- Online certification (eMMA) with a 3 Step Process

MBEs and VSBEs are encouraged to perform as a prime contractor.

Today's Coordinating Team



Tanita Johnson
SBR Compliance Manager

Eduardo D. Hayden
Small Business Outreach Manager

Meet Our Guest Speaker



Michael J. Haloskey III

Director

Business Lending Programs

<https://dhcd.maryland.gov/Business/Pages/default.aspx>





Maryland State Small Business Credit Initiative(SSBCI) Program

SSBCI – What is it?

- The American Rescue Plan Act of 2021 (ARPA) reauthorized and expanded the Small Business Jobs Act of 2010 (SBJA), which established the original State Small Business Credit Initiative(SSBCI) program. The new version of the program will also support jurisdictions in promoting American entrepreneurship and providing access to capital to businesses across the country and in underserved communities.
- \$10 billion for loans and investments
- Focus on underserved areas and disadvantaged individuals (See Exhibit A – Eligible Candidates for SEDI funding)

Size and Purpose of the Maryland SSBCI Plan

- \$198M allocated to the state of Maryland from the U.S. Treasury.
- Carveout for very small business
- Funding delivered in tranches and will conclude in the 2029/2030 timeframe

Designed to support small business:

- Business seeking loans for expansion. working capital, contract financing, business owner occupied real estate acquisition.
- Business seeking equity investments
- Community Development Financing Institutions(CDFI) seeking capital to relend to small business (loans < \$250,000)

Eligibility:

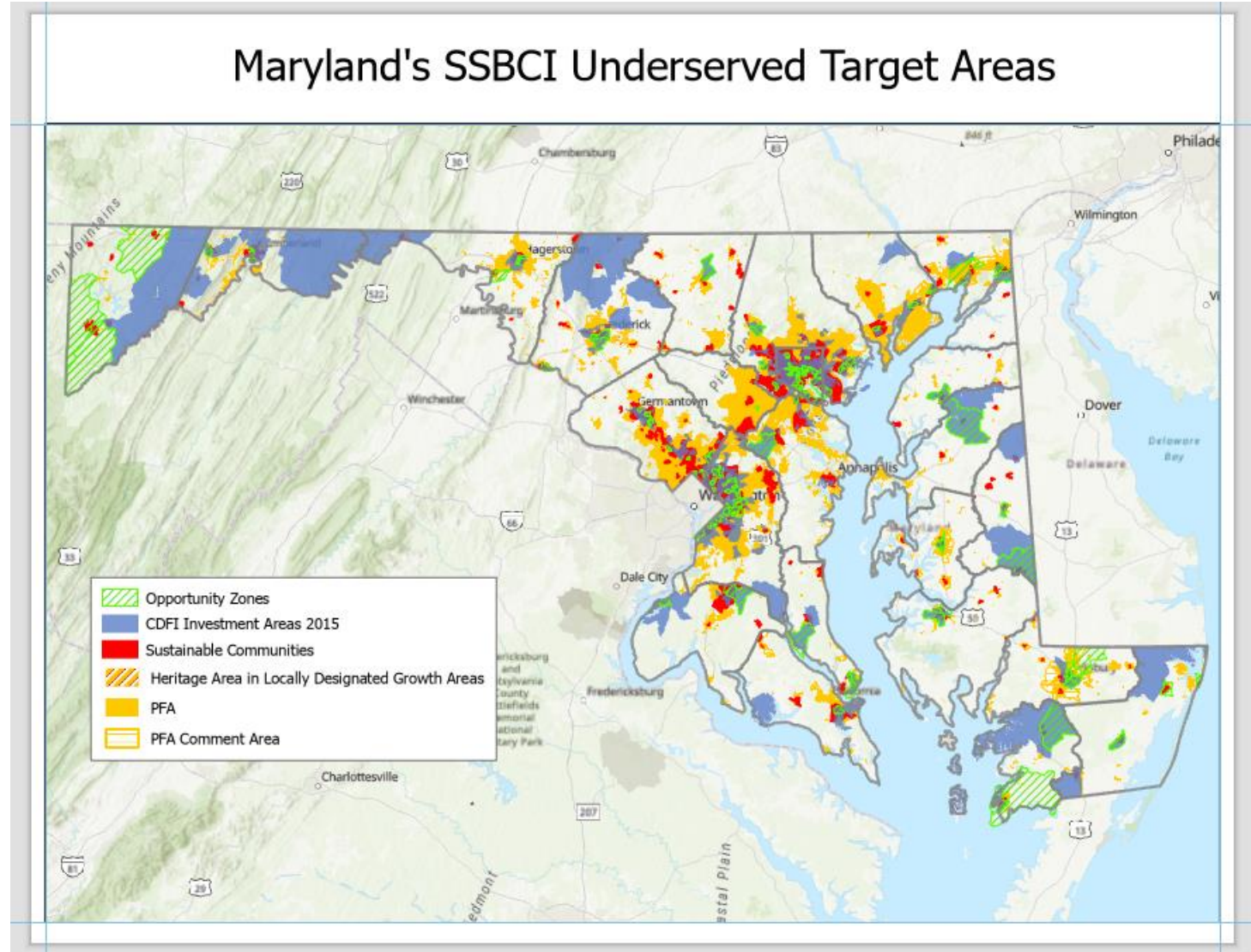
- Businesses with less than 500 employees.
- All businesses except those that are exempted by U.S. Treasury and the State of Maryland. **See Exhibit B – Businesses not permitted to receive SSBCI funds.**
- Matching funding required: minimum 1:1 private capital match to SSBCI funds. Public funds not considered as matching funds.
- Lenders must have at least 20% at risk. **See Exhibit C – Private Financing.**

Terms:

- Loans subject to credit underwriting. Amounts: \$25,000 up to \$5,000,000 based on program requirements.
- Investments subject to due diligence. Amounts: \$25,000 to \$2,000,000 based on program requirements.

SSBCI – Primary Targets

- Small business
 - Very small business ($x \leq 9$ employees)
 - Socially and Economically Disadvantaged Individuals
 - CDFI Investment Areas
 - Priority Funding Areas
 - Opportunity Zones



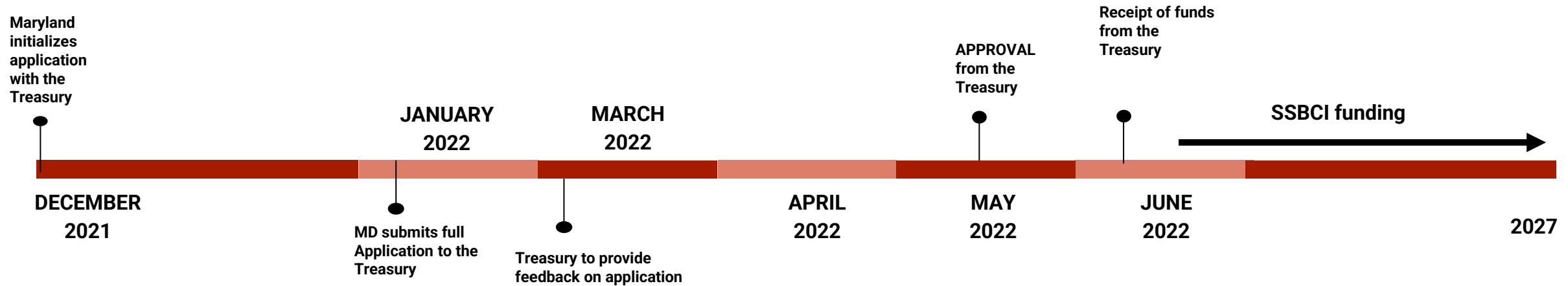
Maryland's SSBCI Deployment plan

- Deploying funds through 3 organizations and 8 existing programs:
 - Maryland Department of Housing and Community Development (DHCD) - Implementing Agency
 - Neighborhood Business Works (NBW) - Loans
 - NBW Venture Debt Program – Venture debt loans
 - Department of Commerce (Commerce) - Administrating Entity
 - Maryland Small Business Development Financing Authority (MSBDFA) – EPIP Loans
 - Maryland Small Business Development Financing Authority (MSBDFA) – EPIP Equity
 - Technology Development Corporation (TEDCO) - Administrating Entity
 - SEED Funds Equity
 - Social Impact Funds
 - Venture Capital Limited Partnership
 - Enterprise Venture

<u>Agency</u>	<u>Allocation</u>
DHCD	\$103,404,958
Commerce	\$45,000,000
<u>TEDCO</u>	<u>\$50,000,000</u>
TOTAL:	\$198,404,958

SSBCI – Timeline

Timeline reflects projected dates



1st state to submit

Maryland's SSBCI Funds

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- Matching funding required: of at least a minimum 1:1 private capital match to SSBCI funds. Public funds not considered as matching funds.
- Lenders must have at least 20% at risk. **See Exhibit C – Private Financing.**

Terms:

- Loans subject to credit underwriting. Amounts: \$25,000 up to \$5,000,000 based on program requirements.
- Investments subject to due diligence. Amounts: \$25,000 to \$2,000,000 based on program requirements.

DHCD - Loan Participation Program

Designed to assist businesses:

- Working capital
- Owner occupied real estate acquisition

Eligibility:

- Less than 500 employees
- Minimum 1:1 private capital match

Terms:

- Senior or Junior Debt
- Loan Size: \$500,000 to \$5,000,000

Example 1: Business needs a \$1,000,000 working capital loan to fund expansion.

Business secures lender to provide a loan of \$500,000, and Program provides a \$500,000 loan on like terms or in a subordinate position.

Example 2: Business needs a \$2,500,000 loan to acquire and renovate a building for its operations.

Business secures loan from a lender of \$1,500,000, and Program provides a \$1,000,000 loan in junior financing to total a \$2,500,000 in funding.

***** All loans subject to repayment ******

DHCD Venture Debt and Equity Program

Designed to assist businesses:

- Strategic businesses with high potential economic benefit and job growth

Eligibility:

- Less than 500 employees
- Minimum 1:1 private capital match
- Lender/Investor must have 20% at risk

Terms:

- Venture Debt rates with repayment in P&I or equity
- Or Equity on similar terms as matching private funding
- Like cash flow rights with private capital
- Loan Size: \$500,000 to \$5,000,000
- Aggregate loan < \$20,000,000

Example 1: Business needs a \$1,000,000 working capital loan to fund expansion along side a \$3,000,000 equity raise

Business raises \$3,000,000 from equity investors and Program provides a \$1,000,000 loan.

Example 2: Business needs \$5,000,000 of debt to finance expansion of a new product line.

Business secures funding from private venture debt lender of \$3,000,000 with Program providing \$2,000,000 on like terms with private venture debt for a total of \$5,000,000.

Example: Business needs \$2,000,000

Business raises \$1,000,000 of equity from investors with Program providing \$1,000,000 in debt or equity

***** All loans and investments are subject to repayment *****

Community Development Financial Institution (CDFI) - Loan to Lender Program

Designed for CDFIs:

- Loan to CDFI to relend to businesses
- Focus on Socially and Economically Disadvantaged Individual (SEDI) led businesses and CDFI Investment Areas
- CDFI to relend to small business (target loan < \$250,000)

Eligibility:

- CDFIs **only**
- Minimum 1:1 private capital match
- Originating lender must have 20% at risk
- Target: SEDI businesses, and very small business (<10 employees)

Terms:

- Loan to lender size based on capacity (\$2,000,000 - \$15,000,000)
- Applications underwritten on a “come one come all” basis

Example 1: CDFI needs capital to relend to SEDI businesses

CDFI raises \$4,000,000 from a private lender, SSBCI provides \$3,000,000, and CDFI contributes \$3,000,000 for a total of \$10,000,000. CDFI closes loans and retains 100% of the loans.

Example 2: CDFI needs \$10,000,000 of debt to match \$15,000,000 of private capital.

CDFI raises \$15,000,000 from private investor, receives \$10,000,000 of SSBCI funds. CDFI purchase <80% of loans from Lenders. Lender holds >=20% of loan on its books

***** All loans and investments are subject to repayment *****

Technology Economic Development Corporation (TEDCO) - Venture Capital Limited Partnership Program

Designed to fund Venture Capital (VC) funds in Maryland

- Early-stage VC funds focused on investing in MD

Eligibility/Criteria:

- Investment thesis and ROI
- Fund Management focus/sector experience
- Commitment to Maryland

Terms:

- TEDCO Standard Limited Partnership terms
- Fees to meet SSBCI guidelines

Example 1: VC Fund raising \$20M for cyber investments.

VC Fund raises \$18M from investors and Program invests \$2,000,000.

Example 2: *VC raising \$10M for investments in Maryland based aquaculture firms*

VC Fund secures \$5,000,000 commitment from investors and Program invests \$1,000,000.

TEDCO Seed Investment Program

Designed to assist businesses:

- Seed stage investing

Eligibility:

- Less than 15-30 employees based on funding source
- Minimum 1:1 private capital match
- Equity raised to date < \$2M-\$5M, based on funding source
- Four types of investment: cyber tech/info tech, Life sciences, general tech commercialization and gap funding

Terms:

- Convertible note or equity
- Investment Size: \$200,000 to \$750,000

Example 1: Startup cyber security business is raising \$1,000,000 to build team and prepare for a Series A funding.

Business raises \$500,000 from existing investors and Program invests \$500,000.

Example 2: Life Science company needs \$500,000 of equity to complete diagnostic testing of medical device.

Business secures \$250,000 funding from investors and Program provides \$250,000 convertible note.

TEDCO Social Impact Program

Designed to assist businesses:

- Pre-seed technology start-ups founded by the socially and economically disadvantaged

Eligibility:

- 50%+ founders ownership demonstrate economic and social disadvantage
- Minimum 1:1 private capital match
- Less than 251 employees
- Equity raised to date < \$15 million
- Technology based business

Terms:

- Convertible note or equity
- Investment Size: \$200,000 to \$500,000

Example 1: Entrepreneur raising funds to support growth of her online payment platform.

Business raises \$500,000 from existing investors and Program invests \$500,000.

Example 2: Founder raising \$500,000 of equity to complete diagnostic testing of medical device.

Business secures \$250,000 funding from investors and Program provides \$250,000 convertible note.

TEDCO Maryland Venture Program

Designed to assist businesses:

- Pre-seed to Pre-VC funding stage, technology based business

Eligibility:

- Less than 251 employees
- Equity raised to date < \$15 million
- Minimum 1:1 private capital match
- Technology based business

Terms:

- Convertible note or equity
- Investment Size: \$500,000 to \$2,000,000

Example 1: Startup cyber security business is raising \$1,000,000 to build team and prepare for a Series A funding.

Business raises \$500,000 from existing investors and Program invests \$500,000.

Example 2: Infotech company raising \$2,000,000 of equity to expand operations.

Business secures \$1,000,000 of angel funding and Program provides \$1,000,000 for equity.

***** All loans and investments are subject to repayment *****

Department of Commerce - Maryland Small Business Development Financing Authority – Loan Program

Designed to assist businesses:

- Socially & Economically disadvantaged
- Working capital, equipment, contract financing

Eligibility:

- Minimum 1:1 private capital match
- Lender must have 20% at risk

Terms:

- Loan Size: \$25,000 to \$1,000,000

Example 1: Founder secures contract with federal government to provide goods and services and needs \$500,000 to finance the contract.

Business receives loan from Program of \$500,000 with a private lender funding 50% (\$250,000) of the loan.

Example 2: Founder of grocery chain opens a store and needs \$1,500,000 to acquire and renovate store location.

Business secures loan from Program and private bank for \$1,500,000.

***** All loans and investments are subject to repayment *****

Department of Commerce - Maryland Small Business Development Financing Authority – Equity Program

Designed to assist businesses:

- Socially & Economically disadvantaged

Eligibility:

- Minimum 1:1 private capital match

Terms:

- Investment Size: \$25,000 to \$1,000,000
- Equity in preferred stock, common stock, warrants, partnership interests and other equity-like structures

Example 1: Business Founder raising \$2,000,000 to support fast growing consumer tech service company.

Business raises \$1,500,000 in equity from existing investors and \$500,000 in equity from the Program.

Example 2: Business Founder of government services business raising \$2,000,000 to expand and grow operations.

Business raises \$1,750,000 from an Angel Fund and Program co-funds with \$250,000.

***** All loans and investments are subject to repayment *****

SSBCI - Resources / Contact info

US Treasury / SSBCI website

<https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci>

DHCD Business Lending Programs

<https://dhcd.maryland.gov/Business/Pages/default.aspx>

Lendistry

<https://lendistry.com/ssbci-lp/>

CDFA/SSBCI Resource Center

<https://www.cdfa.net/rc/SSBCI.html>

Exhibit A – Eligible Candidates for SEDI funding

Treasury will consider SSBCI funds to have been expended for SEDI-owned businesses if the states expend the funds for meeting the needs of SEDI owned businesses. “Meeting the needs of SEDI-owned businesses” means that the SSBCI funds are expended for loans, investments, or other credit or equity support to:

- (1) business enterprises that certify that they are owned and controlled by individuals who have had their access to credit on reasonable terms diminished as compared to others in comparable economic circumstances, due to their (1) membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society;(2) gender; (3) veteran status; (4) limited English proficiency; (5) physical handicap;(6) long-term residence in an environment isolated from the mainstream of American society; (7) membership of a federally or state-recognized Indian Tribe; (8) long-term residence in a rural community; (9) residence in a U.S. territory; (10) residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization); or (11) membership of another “underserved community” as defined in Executive Order 13985;
- (2) business enterprises that certify that they are owned and controlled by individuals whose residences are in CDFI Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii);
- (3) business enterprises that certify that they will operate a location in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii); or
- (4) business enterprises that are located in CDFI Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii)

Exhibit B – Businesses not permitted to receive SSBCI funds

- The borrower or investee is not:
- A business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business; or
- A business that earns more than half of its annual net revenue from lending activities; unless the business is a non-bank or non-bank holding company Community Development Financial Institutions; or 3
- A business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; or
- A business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted. (Included in these activities is the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution); or
- A business engaged in gambling enterprises, unless the business earns less than 33% of its annual net revenue from lottery sales.

Exhibit C – Private financing

U.S. Department of the Treasury State Small Business Credit Initiative Capital Program Policy Guidelines November 10, 2021

- **Section VIII, b**

“Private financing” means private financing across all approved state programs and includes all loans or investments from a private source to an eligible borrower or eligible investee, whether occurring at or subsequent to loan or investment closing (subject to certain restrictions to be set forth in the Allocation Agreement regarding permissible types of subsequent private financing), and whether funded or unfunded. It encompasses equity investments, written commitments of future equity investments, term loans, lines of credit, and any new infusions of cash by the small business owner into the borrower.²⁵ For a Tribal government program, private financing may include Tribal enterprise funds acquired in commerce, provided that the funds do not originate with the state, federal, or Tribal government. Private financing does not include financing provided by tax-credit supported vehicles, such as funds capitalized by the sale of state tax credits. ²⁶ A participating state may count SBA-guaranteed loans or other financing that is credit-enhanced by federal, state, or local incentives, if (1) the financing is caused by, or is the result of, an SSBCI-supported transaction, (2) the capital comes directly from a private entity, and (3) the lender or investor has at least some of its own capital at risk.

Mining Public Data Techniques



Videos & Slide Decks

[eMaryland Marketplace Advantage \(eMMA\)](#)

[Procurement Forecast](#)

[Board of Public Works](#)

[Communicating with Confidence](#)

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The graphic is a promotional poster for the T.I.P.S. Webinar Series. It features a black background with yellow and red geometric shapes. At the top left, there is a white rounded rectangle containing the Maryland state flag logo and the text 'Maryland GOVERNOR'S OFFICE OF SMALL, MINORITY & WOMEN BUSINESS AFFAIRS goMDsmallbiz.maryland.gov'. To the right of this is a photo of a person writing in a notebook next to a laptop. In the center, a large yellow speech bubble contains the text 'T.I.P.S.' in red, followed by 'Webinar Series' in white. Below the speech bubble, the text 'Training & Insights for Procurement Success' is written in white. At the bottom left, the hashtag '#goMDsmallbiz' is displayed in red. At the bottom right, there is a heart-shaped logo with the Maryland state flag design.

 **Maryland**
GOVERNOR'S OFFICE OF
SMALL, MINORITY & WOMEN
BUSINESS AFFAIRS
goMDsmallbiz.maryland.gov

T.I.P.S. Webinar Series

**Training & Insights for
Procurement Success**

#goMDsmallbiz



Upcoming Webinars & Workshops

T.I.P.S. Webinar Series

Tuesday, August 22, 2023

10 a.m.

[Navigating eMaryland Marketplace
Advantage \(eMMA\)](#)

Thursday, August 24, 2023

10 a.m.

[Prime Contracting in the Small Business
Reserve Program \(SBR\)](#)

www.gomdsmallbiz.maryland.gov

Workshop

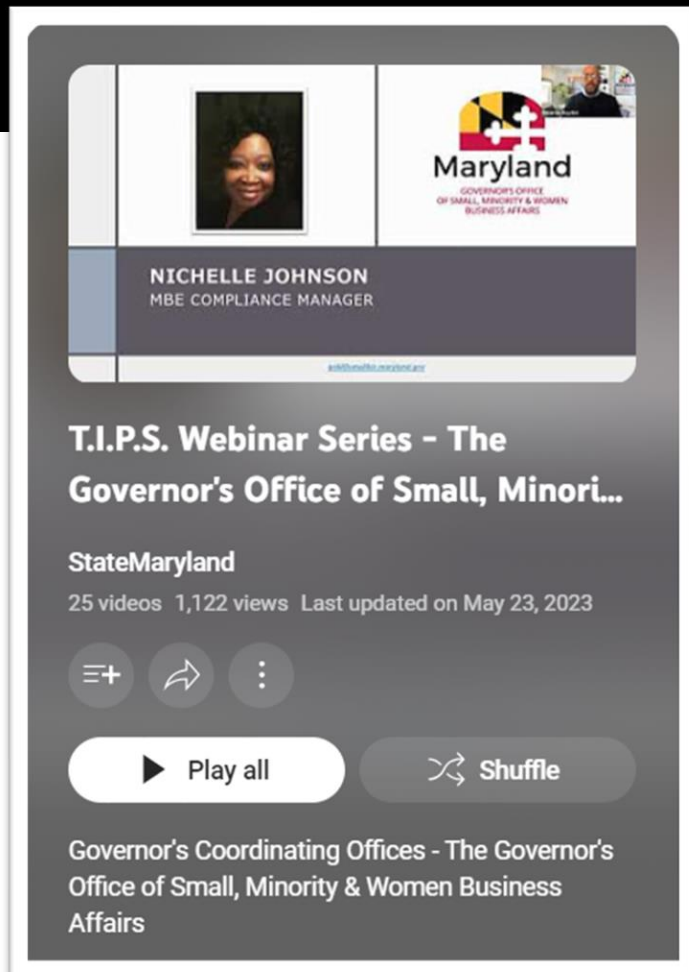
September 14, 2023

9:30 a.m.

Ready, Set, GROW!
Procurement Connections
Workshop
at
Live! Casino & Hotel



T.I.P.S. WEBINAR SERIES PLAYLISTS



goMDsmallbiz.maryland.gov



<https://www.youtube.com/playlist?list=PLlgoHh4Po1J0W63akD6aGAU8JmT0qzOrX>

Resources & Partners

Governor's Office of Small, Minority & Women Business Affairs

<https://gomdsmallbiz.maryland.gov/Pages/default.aspx>

Maryland's Office of Minority Business Enterprise (OMBE)

<https://www.mdot.maryland.gov/tso/pages/Index.aspx?PagelId=90>

Maryland Department of Commerce

Maryland Financial Incentives for Business

<https://commerce.knack.com/maryland-funding-incentives>

**Department of Housing & Community Development
Business Lending**

<https://dhcd.maryland.gov/Business/Pages/default.aspx>

Maryland APEX Accelerator (formerly MD PTAC)

<https://www.mdptac.org/>

Maryland Women's Business Center (MWBC)

<https://marylandwbc.org/>

Baltimore-Metro Women's Business Center (Balt-Metro WBC)

<https://www.baltmetrowbc.org/>

Maryland Small Business Development Center (SBDC)

<https://www.marylandsbdc.org/>

Veterans Business Outreach Center

<https://innovate.umd.edu/resources/vboc>



Business Services

Maryland Business Express

<https://businessexpress.maryland.gov/>

Maryland Department of Assessments & Taxation

<https://dat.maryland.gov/businesses/Pages/default.aspx>

Maryland Department of Labor – Division of Occupational and Professional Licensing

<https://www.labor.maryland.gov/license/>

Maryland Department of Labor – Office of Small Business Regulatory Assistance

<https://www.labor.maryland.gov/osbra/>

MD Onestop Portal

<https://onestop.md.gov/>



THANK YOU

For Choosing

Maryland!



Small Biz Resource
CONNECTIONS

