

## NEIGHBORHOOD BUSINESSWORKS PROGRAM

### Fact Sheet

#### PURPOSE OF THE PROGRAM

The Neighborhood BusinessWorks program (NBW) provides a revitalization resource to help stimulate investment in Maryland's older communities. The NBW loans provide flexible gap financing to small businesses locating or expanding in locally designated neighborhood revitalization areas throughout the State.

#### ELIGIBLE APPLICANTS

- Maryland-based small businesses (small business as defined by the U.S. Small Business Administration)
- Nonprofit organizations whose activities contribute to a broader revitalization effort and whose projects are intended to promote investment in commercial districts or town centers

Note: Local governments are not eligible applicants

#### AMOUNT OF FINANCING AVAILABLE

- \$25,000 - \$500,000
- Each project assessed for financial need, up to 50 percent of total project cost (Refinancing will not be considered part of the project cost.)

#### ELIGIBLE PROJECTS

- Retail businesses, including franchises
  - Manufacturing businesses
  - Service-related businesses
  - Mixed-use projects, consisting of a commercial or retail use at street level and no more than 12 residential units.
- Note: Some restrictions apply (see the General Restrictions section).

#### ELIGIBLE USES OF FUNDS

- Market/planning/feasibility studies
- Real estate acquisition
- New construction or rehabilitation
- Leasehold improvements
- Machinery and equipment
- Working capital (when part of total project cost)
- Certain other costs associated with opening or expanding a small business

#### NOTES:

1. A Minority Business Enterprise Plan is required for those projects where NBWP funds will exceed \$250,000 for construction or rehabilitation.
2. Construction projects are reviewed by this Department's offices of Maryland Historical Trust and Codes Administration prior to funding

#### LOAN TERMS

- Interest rate is below market, based on underwriter's analysis
- Loan term up to 15 years, depending on loan size and underwriting
- Minimum 5 percent applicant capital cash contribution is required (based on total project cost)
- Personal guarantees and collateral are required
- No prepayment penalties

#### GENERAL RESTRICTIONS

- Loan terms cannot exceed 10 years.
- Loan proceeds must be used for projects located in Maryland.
- Points charged by the lender cannot exceed 1% of the loan amount.
- A loan may not be used for the furtherance of sectarian or religious purposes or instruction



The Maryland Department of Housing and Community Development (DHCD) pledges to foster the letter and spirit of the law for achieving equal housing opportunity in Maryland

## CRITERIA CONSIDERED

- Project viability and potential
- Impact of the project on its neighborhood
- Significant exterior improvements
- First floor commercial or retail space use which generates street level activity
- Improvements to a vacant/underutilized building or site
- Introduction of needed goods or services to a neighborhood
- Creation of new jobs
- Readiness to proceed

## RESTRICTION & CONSIDERATIONS

Priority is given to projects that strengthen neighborhood commercial districts and are part of a greater revitalization strategy. The following types of projects and activities will not be considered for NBW financing:

- Speculative developments (All properties must be pre-leased for a minimum of 51% of the leasable space prior to loan closing.)
- Refinancing
- Residential or transient living facilities (other than mixed-use projects described in Eligible Projects section), e.g., multifamily or single-family housing developments, nursing homes, assisted living facilities, crisis care centers, group homes, transitional housing, and homeless shelters
- Facilities such as community halls, fire stations, hospitals, colleges, or universities
- Adult bookstores, adult video shops, other adult entertainment facilities, gambling facilities, gun shops, liquor stores, massage parlors, pawn shops, tanning salons, or tattoo parlors.

## APPLICATION

A complete NBW loan application consisting of the items on the Required Documentation Checklist in the application package must be submitted before a project can be fully processed. If the application for funds is approved, additional documentation will be necessary to close the loan

## FOR ADDITIONAL INFORMATION, PLEASE CONTACT

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<http://www.NeighborhoodBusinessWorksProgram>  
MD Relay for the Deaf: 1-800-735-2258

## EMPLOYMENT OPPORTUNITIES

As part of Maryland's continuing efforts to provide successful Welfare-to-Work opportunities, the Department of Housing and Community Development encourages Neighborhood Business Development Program applicants to make jobs available to Temporary Cash Assistance recipients. For further information on how to reach these resources, please contact the Department of Human Resources, Office of Work Opportunities at 410-767-7976 or the Department of Labor, Licensing and Regulation, Office of Employment Training at 410-767-2800 or the Maryland Job Service at 410-767-3416.

Maryland also maintains a job bank on the internet at <https://mwe.dllr.state.md.us/JobSeeker/JobSeekerHome.asp>