



Maryland's State Small Business Credit Initiative (SSBCI)

Direct Loan Program

SSBCI is a federal program, administered by the states, that expands access to capital to small businesses. The Maryland Department of Housing and Community Development offers flexible loans under the program to catalyze small businesses across the state.

Email dhcd.businesslending@maryland.gov for a consultation about whether SSBCI is the right solution for your business

Is an SSBCI direct loan a good fit for your business?

Eligible Uses of Funds

- Costs to sustain or expand a small business, such as purchasing machinery or equipment, and working capital; and
- Owner-occupied real estate acquisition or renovation. Renovation projects must be at least 51% owner-occupied upon completion, and new construction must be at least 60% owner-occupied upon completion.

Loan requirements:

- Minimum of 1:1 private capital match;
- Minimum loan amount of \$500,000 and maximum amount of \$5 million;
- Personal guarantees from owners with greater than 20% equity interest;
- Adequate collateral;
- Total project costs can not exceed \$20 million.

Loan Terms:

- Flexible loan terms with focus on maximizing community benefit;
- Term of up to 30 years;
- Senior or subordinate loan positions available; and
- Interest rates determined by underwriting analysis.

Eligible Business:

- Fewer than 500 employees;
- Not 100% residential (mixed-use project may qualify);
- Business other than: Adult entertainment facilities; check cashing facilities; gambling facilities; gun shops; liquor stores; massage parlors; pawn shops; tanning salons; tattoo parlors; or cannabis businesses

Please visit the SSBCI website for more detail and contact information for all programs.

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Special focus is given to projects with significant community impacts, including job retention or creation, child care access, fresh food access, and community revitalization

Additional Information

Ineligible Uses of SSBCI Funds

- **Passive real estate:** Acquiring/holding property for passive investment or renovating space for a third-party tenant.
- **Refinancing debt:** Cannot refinance existing debt with the same lender.
- **Tax repayment:** Cannot pay delinquent federal or state income taxes (unless repayment plan is in place). Cannot pay trust/escrow taxes (e.g., payroll, sales).
- **Equity buyouts:** Cannot purchase ownership interests from a current owner, except for majority ESOPs or worker co-ops.
- **Lobbying activities:** SSBCI funds may not be used for lobbying.
- **Federally guaranteed loans:** Cannot use SSBCI funds to credit-enhance loans already federally guaranteed (e.g., SBA loans).
- **Conflicts of interest:** Funds cannot be used if an “SSBCI insider” has a financial interest.
- **Prohibited refinancing:** Refinancing tenant improvement loans from a landlord is prohibited. The SSBCI program is designed to create new capital and expansion, not to simply replace an existing loan with federal money.

Eligible Private Capital Lenders

- Must be licensed in Maryland to offer small business lending.
- Must be active in lending to Maryland-based small businesses.
- Non-bank lenders, non-credit unions, or non-CDFIs must be approved by the Department of Housing and Community Development.

Program Fees

- \$250 application fee
- \$250 closing fee
- 1% Origination Fee

By participating in the SSBCI Direct Loan Program, applicants and lenders agree to the following terms: - Information provided must be accurate and complete. Misrepresentation may result in denial or recall of funds. - Funds must be used only for eligible purposes as outlined in this factsheet and program guidelines. - Applicants must comply with all federal, state, and local laws, including environmental, labor, and anti-discrimination regulations. - DHCD reserves the right to update program guidelines at any time to remain compliant with federal SSBCI requirements. - Program participation does not guarantee loan approval or funding; all applications are subject to underwriting and final DHCD approval.

