

VOLT TECHNOLOGY LOAN FAQ's

1. **What size loans does the fund issue under this program?** The fund issues loans between \$100,000 and \$250,000.
2. **Where does my business need to be located in order to 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, women and veteran owned businesses located within a ten mile radius of Maryland's five existing casinos, Maryland Live in Anne Arundel County, Hollywood Park in Cecil County, Rocky Gap Casino in Allegany County, Ocean Downs in Worcester County and Horseshoe Casino in Baltimore City. The other half will be available to small businesses throughout the State of Maryland.
3. **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 <http://www.sba.gov/size-standards-tool?ms=nid4060>.
4. **What types of businesses qualify for the VOLT Technology Loan?** In general the fund is looking for high potential early stage small, minority, women and veteran owned technology companies with clear path to follow-on funding. The company should generally be engaged in cybersecurity, energy, life sciences, microelectronics, telecommunications or health IT. The request of the funding should be product based and in general not service based.
5. **What are the interest rates for loans?** There is no interest due on the loan.
6. **Are there monthly payments due on the loan?** Companies should consider any funds from the VOLT Fund program as a long term loan with no principal or interest payments until the company experiences a liquidity event, preferably within 18-24 months of the loan closing. A liquidity event is defined as an acquisition, investment from venture capital/angel investors or private equity firms in the amount of 4 times of the original loan made by the fund, or an initial public offering (IPO). Within 30 days of the liquidity event the company will pay a one-time ten percent (10%) earnest payment to The VOLT Fund and then, based on company cash flow, the company will make monthly principal payments for 36-60 months.
7. **Does the fund charge any additional fees in connection with getting a loan?** No. There are no closing costs or additional fees above earnest payment due after a liquidity event.
8. **What is the definition of a liquidity event?** A liquidity event is defined as an acquisition, investment from venture capital/angel investors or private equity firms of at least 4 times the size of the original loan amount, or an initial public offering (IPO).
9. **What happens if a liquidity event never occurs?** If 5 years have passed and no liquidity event has occurred, the borrower would then be required to pay the earnest payment and begin making principal payments for 36-60 months until the loan is fully repaid.
10. **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 do give it the ability to be flexible outside of traditional bank guidelines.
11. **Do you require personal guaranties?** No, owners of the business do not have to guaranty the loan.
12. **Do I have to pledge collateral?** No, the fund does not require you to pledge personal collateral.

13. **Is this a grant or a loan that need to be paid back?** The VOLT Fund does not issue grants. All funds that are borrowed must be paid back.
14. **Do you require a business plan/investor deck?** Yes, each applicant should provide an investor deck or business plan that should address at a minimum: problem, solution, target market, competitors, competitive advantage, and business model.
15. **What do you look at when considering a loan request?** In general we look for the following:
 - Affiliated with a business incubator that is a member of the Maryland Business Incubation Association (MBIA) or University is preferred, but not mandatory
 - Defendable intellectual property with clear ownership or licensing arrangement
 - Team led by an experienced entrepreneur or demonstrates willingness to acquire needed management talent
 - Recognizable \$20 million addressable market
 - Cash flow break-even is reached within 24 months
16. **What loan purposes qualify for financing?** Any legitimate business purpose will be considered. Common eligible purposes include equipment purchase, business start-up costs, and working capital.
17. **Can the funds be used for new product development?** In general funds from the VOLT Fund are not for new product development. The product should be created before approaching the VOLT Fund. We encourage companies in the initial product development stage to seek other sources of capital such as TEDCO or angel investors.
18. **How do I apply for a loan?** An application should be filled out and all information listed on the application checklist should be posted to www.gust.com. You should email Sheila Armshaw at sarmshaw@cic-tech.org that you have posted your information and invite the The VOLT Fund/Anne Arundel Economic Development Corporation to review your documents.
19. **Can I apply at any time or is there a period when you accept applications for?** The fund will accept applications only within a specified time period once annually. The beginning and end of this time will be announced on www.aaedc.org and through social media channels such as Facebook, Twitter, and LinkedIn.
20. **How long does the screening and approval process take?** There are several stages in the screening process after the application round has closed. Each screening round is between 30-45 days. After each screening round is complete you will receive notification of the status of your application along with appropriate feedback. The total time from when the application round closes and approval of an award is approximately 3-4 months.
21. **What happens next if I am approved for a loan?** If approved the AAEDC will begin to draft documents and a checklist of closing items (corporate documents, insurance, etc.) needed. After the closing items are received a tentative closing date and time can be set.
22. **How long does the closing process take?** After your loan is approved it normally takes 15-30 days to get to closing.
23. **Who can I contact with questions about the program?** You can contact Stephen Primosch, AAEDC's Vice President of Financial Services at 410-222-7410 or sprimosch@aaedc.org.