

# INVESTMENT CONNECTION

Community Development Investment & Lending Partnership

FEDERAL RESERVE BANK OF RICHMOND  
Richmond | Baltimore | Charlotte

## Investment Connection Online Proposal

This proposal is one of numerous submissions housed in the applicant portal.  
After reviewing, please visit the portal for more ideas (applicants) and opportunities (funders).

## Baltimore and Online Technical Assistance Expansion

Primary Contact	Nicholas Rudolph
Title	Baltimore Regional Director
Email Address	<a href="mailto:nrudolph@marylandcapital.org">nrudolph@marylandcapital.org</a>
Phone	410-900-5715
Name of organization	Maryland Capital Enterprises, Inc.
Mission statement	Maryland Capital Enterprises, Inc.'s (MCE) mission is to empower businesses to grow, create jobs and generate wealth. MCE is dedicated to developing small businesses and to ensure that pathways to economic opportunity and entrepreneurship are available.
Overview of organization	<p>Maryland Capital Enterprises, Inc. (MCE) was incorporated in March 1998. MCE later obtained 501(c)(3) status and startup funding was secured from the UMES Rural Development Center (RDC). The first executive director was hired in March 1999 and the program implementation began. MCE's micro-lending and small business training program is conducted with the express purpose of bringing enterprise development and support services to traditionally underserved minority and low-moderate income level entrepreneurs. In 2012, at the urging of the SBA, the US Treasury Department, the Federal Reserve, and several banks and key organizations, MCE expanded its service area to include Baltimore City, Baltimore County and Anne Arundel County. MCE provides services to self-employed small business owners who are committed to their businesses, but who otherwise lack the collateral or credit history that virtually denies them access to conventional loans and other financial products. Services include business loans, business credit development, business education, and opportunities to network with peers.</p> <p>MCE's experience in providing these services is evidenced by the number of target-market businesses that have made use of MCE services. From 2000 through 2018, 4,809 entrepreneurs have received technical assistance, over 5,500 have attended our training, and 465 have received over \$11 million in loans. Over the last 2 years, program participation numbers have steadily increased. Over \$3.5 million was loaned during the last 2 Fiscal Years alone.</p>
Website	<a href="http://www.marylandcapital.org">www.marylandcapital.org</a>
State where proposal is located	Maryland

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Proposal title	<b>MCE Baltimore and Online Technical Assistance Expansion</b>
Support request	<ul style="list-style-type: none"><li>▪ Loan</li><li>▪ Investment/Grant</li></ul>
Requested amount	\$175,000
Other significant partners in the proposal	Salisbury University
Proposal narrative	<p>MCE staff participates in many SBA, Federal Reserve, State and Local Government events where we can speak directly to entrepreneurs and other service providers. This allows us to have our finger on pulse of what entrepreneurs need. Recently, we have seen an uptick of requests for small dollar loans to help people start home-based and internet businesses or to move their business from a hobby to money maker with potential to become a full-time job. To address this, MCE created Credit Builder Loans. These loans of up to \$5,000 do not require collateral, a minimum credit score and are judged based on the Business Plan, projections and recent history, making them easier for entrepreneurs to access.</p> <p>We have found that these clients require a significant amount of Technical Assistance (TA) throughout the application process and post loan closing. To address this, MCE proposes to strengthen two current programs.</p> <ol style="list-style-type: none"><li>1. MCE Online is a free, web-based training program that for clients who can't meet in-person because of transportation or time restraints. It offers our First Steps workshop and webinars and, through this proposal, will offer more detailed courses in subjects like Licensing, MBE/WBE Certification, Budgeting and Marketing. This program was developed through a continuing partnership with Salisbury University.</li></ol> <p>Clients who register will have work reviewed by MCE staff and will be able to complete loan applications online. Funds from this proposal will fund business and content consultants who will create content and work one-on-one with clients who use MCE-Online.</p> <ol style="list-style-type: none"><li>2. Baltimore TA Expansion. Most Credit Builder clients are from the Baltimore region. Currently, MCE has one full-time staff member serving the region. Funds from this proposal will support a part-time consultant who will provide TA such as business plan writing, cash flow projections and assembling loan applications. This will allow increase our capacity to provide TA while allowing time for our current Baltimore Regional Director to build partnerships and, sustain and expand our programs.</li></ol> <p>To expand these programs, MCE is requesting a grant in the amount of \$75,000 to expand our TA and MCE-Online programs. Funds will be used for staff time and costs associated with providing TA and expanding MCE-Online.</p>

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	<p>Since we expect an uptick in Credit Builder loans, MCE is also seeking a grant or low-interest loan of \$100,000 for Credit Builder. 75% of these funds will go to clients who are LMI.</p>
Issues addressed	<ul style="list-style-type: none"> <li>▪ Asset Building / Financial Access, Capability and Empowerment</li> <li>▪ Small Business Development / Microlending</li> <li>▪ Workforce Development / Economic Development</li> </ul>
Geographic impact	<ul style="list-style-type: none"> <li>▪ State-wide</li> </ul>
Population served	<p>Entrepreneurs in the Anne Arundel and Baltimore Counties, Baltimore City and Maryland's Eastern Shore.</p>
Population income	<p>Our services are available to residents across the Eastern Shore and in the Baltimore Region. The State of MD Poverty Rate 9.68% and seven of the counties that we serve in the state of MD have a higher than average poverty rate including four of the top five.</p> <p>Counties served by MCE ranked by poverty levels (list also includes County AMI and F&amp;R):</p> <p>1st Baltimore City 23.8% AMI \$41,819 F&amp;R 80%</p> <p>2nd Somerset County 23.4% AMI \$36,716 F&amp;R 77.32%</p> <p>4th Wicomico County 17% AMI \$36,301 F&amp;R 60.27%</p> <p>5th Dorchester County 16.5% AMI \$45,628 F&amp;R 70.33%</p> <p>6th Caroline County 14.4% AMI \$55,605 F&amp;R 53.46%</p> <p>8th Kent County 13.2% AMI \$58,201 F&amp;R 54.92%</p> <p>10th Worcester County 10.9% AMI \$58,820 F&amp;R 41.2%</p> <p>13th Baltimore County 8.9% AMI \$66,904 F&amp;R 43.74%</p> <p>14th Talbot County 8.6% AMI \$84,480 F&amp;R 45.13%</p> <p>15th Queen Anne County 8.1% AMI \$86,406</p> <p>19th Anne Arundel 6.3% \$89,031</p>
Anticipated outcomes or impact	<ol style="list-style-type: none"> <li>1. MCE-Online:             <ol style="list-style-type: none"> <li>a. MCE will maintain its current staffing and expand dedicated TA hours by 10 hours a week, a 50% increase, for the program through the end of 2020. This will allow MCE to serve more clients while constantly creating new content.</li> <li>b. The number of MCE-Online clients who complete at least online training course per Year will increase from 20 to 50.</li> </ol> </li> </ol>

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	<ul style="list-style-type: none"> <li>c. MCE-Online will add at least one webinar or training course each month through December 2020.</li> <li>d. At least 10 MCE-Online registrants will apply for a loan through MCE.</li> </ul> <p>2. Baltimore Region Expansion:</p> <ul style="list-style-type: none"> <li>a. MCE Staff in Baltimore will be able to offer 20 additional TA hours per week to clients in the region.</li> <li>b. MCE staff in the Baltimore Region will provide TA to at least 15 clients per month including one-on-one counseling, small group trainings and at events.</li> <li>c. At least 25 clients will apply for loans by 12/31/2020</li> </ul> <p>3. Credit Builder Loan Fund:</p> <ul style="list-style-type: none"> <li>a. At least 15 Credit Builder Loans totaling at least \$50,000 will be approved by 12/31/2020.</li> <li>b. 100% of principal and 50% of interest paid back to MCE from loans funded by this revolving loan fund will be put back into the fund for Credit Builder Loans. The remaining interest will cover overhead costs.</li> </ul>
<p>Evaluation methods used to measure success</p>	<p>In order to capture the TA we provide, MCE tracks all client contact through TA tracking forms and Counseling Forms, these will be used to track and evaluate client contact and TA related to Credit Builder Loans and MCE-Online. If staff sees problems with meeting TA goals, the program will be re-tooled to increase its impact.</p> <p>MCE s Loan Officer and Baltimore Regional Director will track all applications and loan approvals. We can track which loan sources are used, client location and TA provided to these clients. Again, MCE will be able to rework the program if we are not meeting goals.</p> <p>This is an existing program that will be expanded. As soon as notice of funding is given work will begin. If fully funded, this will be a 12-month program with hiring and orientation of a new Business Consultant and development of marketing materials in month one. Beginning in month two, both the MCE-Online and Baltimore Region will be running at full capacity, meeting with clients, processing loans and providing TA, classroom and online trainings. While evaluation will be ongoing, staff working on this project will meet monthly to discuss successes, issues and ideas to improve the program. The Baltimore Regional Director will begin fundraising and developing partnerships that will ensure the sustainability and expansion of services.</p>
<p>Project timeframe. Is your request for an existing or new program?</p>	<p>Existing Program</p>

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