



MARBIDCO
growing rural venturesSM

“Helping to Finance Maryland’s Food and Fiber Future”

Application for the Maryland Watermen’s Microloan Program

Program Description

For generations, Maryland watermen have labored to harvest delicious fish and shellfish products from the Chesapeake Bay for the benefit of consumers in this State and around the country and world. Maryland’s iconic seafood industry has contributed greatly to Maryland’s economy and stature as a wonderful tourist destination, and a great place to live. Maryland watermen have historically had a difficult time accessing affordable commercial capital and credit and have faced many challenges in recent years and were especially hard-hit during the COVID-19 pandemic. For these reasons, with the support of the State of Maryland, MARBIDCO has established the Maryland Watermen’s Microloan Program (a revolving loan fund).

Eligibility: For the first three years of the program (beginning in July 2022), only **Generational Watermen** are eligible to apply. In future years, “Beginner Watermen” (as defined in the statute) and seafood processors may be eligible. **A “Generational Waterman” is a licensed (TFL-holding) commercial waterman who can demonstrate that 50% or more of the waterman’s annual income was derived from commercial seafood harvesting. The law further provides that two years of the most recent federal income tax returns must be submitted with an application.** An applicant must have a minimum credit score of 620 to be considered. Finally, an applicant may not receive more than \$15,000 in any 24-month period.

Eligible expenses: Eligible tangible equipment that may be purchased include boats, motors, and harvesting gear. The equipment purchased must have a useful lifespan of at least 7 years.

Loan Terms and Conditions

- Loan Amount: Between \$7,000 (minimum) and \$15,000 (maximum).
- Interest Rate: 3.00%.
- Loan Terms: Repayments will include at least a 6-month interest-only period followed by 4 years (16 quarters) of amortizing (principal and interest) payments. Payments shall be made quarterly. No collateral security is required.
- Loan Forgiveness: If all the payments are made as agreed by the borrower, the final four quarters of the loan term will be forgiven by MARBIDCO. If a borrower fails to make all the payments in a timely fashion, then the entire remaining unpaid balance would be due, and the borrower would have to repay the entire loan amount (with any debt forgiveness forfeited – and the borrower barred from receiving future MARBIDCO financing).
- Application Submission Process: All applications must be originated by the applicant and all requested information provided. Applications are processed in the order that they are received.

Send Completed Applications to MARBIDCO Watermen’s Microloan Program, c/o Daniela Merkle, 1410 Forest Drive, Suite 21, Annapolis, MD 21403, or to dmerkle@marbidco.org.

Additional Information Concerning the Watermen's Microloan Program

How does the Maryland Watermen's Microloan Program work?

- The Watermen's Microloan Program is administered by MARBIDCO, an entity that has 15+ years of experience managing revolving loan programs that help farmers and other rural businesses.
- State law stipulates that the minimum loan amount is \$7,000, and the maximum loan amount is \$15,000.
- Eligible tangible equipment that may be purchased includes boats, motors, and harvesting gear, just for example. **The equipment purchased must have a useful lifespan of at least 7 years.**
- During the first three years of the Program (beginning July 2022), a loan can only be made under what the law defines as a "Generational Waterman". Thereafter, once the initial loans are being repaid and the principal is revolving back into the program, the program would be expanded to include both "Generational Watermen" and "Beginner Watermen" (as defined in State law). Seafood processing businesses would also be eligible (beginning July 1, 2025).
- **A Generational Waterman is a licensed (TFL) commercial waterman who can demonstrate that 50% or more of the waterman's annual income was derived from commercial seafood harvesting. The law further provides that two years of the most recent federal income tax returns must be submitted with an application. Income that is earned directly by a spouse, when filing jointly, will be excluded from this calculation where it is feasible to do so.**
- Loan funds will be disbursed on a reimbursement basis to the borrower or vendor. Equipment to be financed with a loan cannot be purchased prior to the date the waterman has applied for a loan.
- Funding for the Program has been provided in the FY 2024 Maryland State Budget and approximately \$465,000 will become available for microloans beginning July 2023.
- **Loans will be made on a first-come, first-served basis.**
- No collateral security is required to be pledged to receive a loan under this program. As such, an applicant must also have a minimum credit score of at least 620 to be considered eligible.
- **Once a microloan is made, it is not advisable for a borrower to make early principal repayments since this will reduce the amount of total loan forgiveness during the final four quarters of the loan term. In addition, an early lump-sum principal repayment will not reduce the amount of interest that would have to otherwise be paid during the term of the loan.**

How will a watermen's microloan be structured?

- The minimum loan amount is \$7,000 and the maximum is \$15,000. The interest rate charged will be 3.00%, which will be fixed following an interest-only period lasting at least six months.
- These loans will be made unsecured (meaning that no collateral is required to be pledged).
- MARBIDCO anticipates using the following loan repayment structuring:
 - At least the first six months of the loan will be "interest-only" followed by 4 years (16 quarters) of amortizing (principal and interest) payments.
 - **If all the payments are made as agreed by a borrower, the final year (i.e., four quarters) of the term of the loan will be forgiven by MARBIDCO.** Below are two examples of the amount of money to be saved:
 - For a \$7,000 loan, the total amount of debt to be forgiven in the 4th Year is: \$1,859.
 - For a \$15,000 loan, the total amount of debt to be forgiven in the 4th Year is: \$3,994.
 - If a borrower fails to make all the payments in a timely way, then the entire remaining unpaid balance would be due, and the borrower would have to repay the entire debt (without any forgiveness). MARBIDCO does hold borrowers accountable for their debt obligations.

SECTION 1: APPLICANT INFORMATION

Only Individual Tidal Fisheries License Holders May Apply

Your Name _____

Social Security # _____ Date of Birth _____ Email _____

Address _____ City _____

State _____ Zip Code _____ County _____

Telephone (Mobile) _____ Telephone (Other) _____

TFL License Number _____

Provide the number of years that you have been fishing commercially _____

Species of fish and/or shellfish that you have harvested during the last 3 years _____

Do you have one or more shellfish aquaculture leases? Yes No

[FYI, MARBIDCO does offer a separate loan program for shellfish aquaculture producers - information is available on the MARBIDCO website.]

Do you work off-the-water with some regularity? If yes, please explain:

SECTION 2: PROJECT INFORMATION (LOAN REQUEST INFORMATION)

BRIEF DESCRIPTION OF THE EQUIPMENT PURCHASE

In addition to briefly describing your project, please be sure to explain how the proceeds from receiving this loan will aid your commercial seafood harvesting operation. Also, please include specific information about what will be purchased with these funds.

Total Amount Requested: \$ _____ (Must be between \$7,000 and \$15,000)

List of Equipment to be Purchased	Estimated Cost (Dollar Amount)
	\$
	\$
	\$
	\$
	\$
	\$
	\$

EMPLOYMENT DATA

of full-time jobs currently on your boat _____ # of NEW full-time jobs projected within 36 months _____

of part-time jobs currently on your boat _____ # of NEW part-time jobs projected within 36 months _____

SECTION 3: CERTIFICATION AND SIGNATURE

DECLARATIONS

If answering "yes" to any of these questions, please provide an explanation on a separate sheet and attach it to your application.

- 1. Does the waterman/applicant currently owe any State taxes for prior years? Yes No
- 2. Is the waterman/applicant unable to utilize a Tidal Fisheries License at the present time? Yes No

EQUAL CREDIT OPPORTUNITY ACT (15 U.S.C. 1691)

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, or age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

AUTHORITY TO COLLECT PERSONAL INFORMATION

This information is provided pursuant to Public Law 93-579 (Privacy Act of 1974). Effect of Non-Disclosure: Omission of an item means your application might not receive full consideration.

I/We authorize the disclosure of all information submitted in connection with this application to the financial institution agreeing to participate in the project financing. I/We waive all claims against any financial institution agreeing to participate in the project financing or MARBIDCO.

I/We realize that if I/We do not comply with the aforementioned Certification, my/our loan can be called, terminated, or repayments accelerated.

I/We authorize MARBIDCO to obtain any additional financial information concerning me/us from any source which MARBIDCO reasonably requires in order to determine whether to make the requested loan, including credit histories, credit reports, and credit scores.

CERTIFICATION

I certify all information in this application, INCLUDING IN ATTACHMENT A, is true and complete to the best of my knowledge and is submitted so that MARBIDCO can decide whether to offer financial assistance.

Signature _____

Printed Name _____

Date _____

Signatures provided by facsimile or other electronic means, for example, and not by way of limitation, in Adobe PDF sent by electronic mail shall be deemed to be original signatures.

SECTION 4: REQUIRED ATTACHMENTS

THE ATTACHMENTS CHECKLIST

1. Your completed and signed Application Form.
2. A copy of your Tidal Fisheries License.
3. Applicant Federal Income Tax Returns for the two preceding years (e.g., copies of complete tax returns for both years including all schedules).
4. Your completed Income Verification Form (See Attachment A).

Have questions? Please contact MARBIDCO at 410-267-6807.

Note: MARBIDCO agrees to hold Recipient's Application and Financial Reports in confidence to the extent reasonably permitted by Title 4 of the General Provisions Article of the Annotated Code of Maryland. Notwithstanding the foregoing, MARBIDCO shall not be obligated to maintain in confidence any information: 1) which was already known to MARBIDCO; or, 2) which is or comes into the public domain through no fault of MARBIDCO; or, 3) which is independently developed by MARBIDCO; or, 4) which comes to MARBIDCO from a third party which is not in violation of any obligation of confidentiality to Applicant or MARBIDCO.

MARYLAND WATERMEN'S INCOME VERIFICATION FORM

For an applicant to be eligible for the Maryland Watermen's Microloan Program, the applicant must demonstrate, through the submission of the two most recent federal income tax returns and other supporting documents, that at least 50% of the individual's annual income is derived from commercial seafood harvesting. Only the waterman's income will be considered if the waterman's spouse has income that is directly attributable to that person. "Commercial seafood harvesting" does not normally include income from the sale of shellfish aquaculture products.

Please complete this form and return it together with the two most recent years of Federal Income Tax Returns INCLUDING ALL SCHEDULES that were submitted to the IRS. (Additional information may be requested if needed.) Your application is not considered complete until this information is received by MARBIDCO.

Two consecutive Years of Tax Returns Provided, 2022 and 2021 (or 2021 and 2020, if 2022 is not available)

Filing Status of the Applicant (please circle): **Single** **Jointly**

Waterman's Annual Income Summary Worksheets:

1st TAX RETURN FOR YEAR: _____

THE FOLLOWING INFORMATION SHOULD MATCH THE TAX RETURN THAT YOU HAVE PROVIDED

A- Total Gross Adjusted Income (AGI) Reported on Tax Return for 1 st Tax Year	\$
B- Total Income from Commercial Seafood Harvesting by the Applicant Waterman*	
C- Total Other Non-Fishing Income Earned by the Waterman	\$
D- Total Income Earned by the Waterman (this figure could be different from the AGI listed above, especially if the waterman is married)	\$

*The amount for B must equal 50% or more of the amount for D in order to meet the eligibility for a microloan.

Does the waterman/applicant have a W-2 wage income reported? Yes No

If the income listed above does not match the income reported in the tax return, please explain why here:

2nd TAX RETURN FOR YEAR: _____

THE FOLLOWING INFORMATION SHOULD MATCH THE TAX RETURN THAT YOU HAVE PROVIDED

E- Total Gross Adjusted Income (AGI) Reported on Tax Return for 2nd Tax Year	\$
F- Total Income from Commercial Seafood Harvesting by the Applicant Waterman*	
G- Total Other Non-Fishing Income Earned by the Waterman	\$
H- Total Income Earned by the Waterman (this figure could be different from the AGI listed above, especially if the waterman is married)	\$

*The amount for F must equal 50% or more of the amount for H in order to meet the eligibility for a microloan.

Does the waterman/applicant have W-2 wage income reported? Yes No

If the income listed above does not match the income reported in the tax return, please explain why here: