



Montgomery County Early Care and Education (ECE) Facility Loan Program Frequently Asked Questions

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Montgomery County Early Care and Education (ECE) Facility Loan Program

Frequently Asked Questions

1. Who is the Reinvestment Fund?

Reinvestment Fund is a mission-driven financial partner that supports communities in building strong, vibrant, inclusive neighborhoods that families are proud to call home. We are a federally funded Community Development Financial Institution (CDFI) who lends nationally and have physical offices in Atlanta and Philadelphia. We are committed to quality Early Childhood Education and have provided debt financing, grants and technical assistance to hundreds of child care businesses and organizations across the country, so that they can expand and sustain the critical child care services they provide for underserved children and families.

2. What is the Montgomery County ECE Facility Loan Program?

The Montgomery County ECE Facility Loan Program is a program that provides funds (forgivable or zero percent loans) that helps early childhood education providers make safety, accessibility, and quality facility improvements to their spaces. The goal is to create safer, healthier, and more welcoming environments for children, families, and staff.

3. What is a forgivable loan?

Forgivable loans are special loans that child care providers do not have to pay back if they meet the basic forgiveness requirements over time. These loans are designed to help improve the quality of or expand child care spaces.

4. What is a zero percent interest loan?

A zero percent interest loan is a traditional loan and must be paid back, but there is no interest charged for the duration of the loan term. They help child care centers improve or expand their facilities.

5. How is this fund different from other grants or loans?

This is a loan program not a grant. It offers two types of loan products [forgivable loans and zero-percent interest loans]. It has been designed with the needs of child care providers in mind combining loan funding support with technical assistance and professional development.

6. Is this a one-time program or will it happen again?

At this time, funding is available for the current program cycle through May 2027. The intent is for the program to continue, but it will depend on available resources.

7. Is this Program the same as the Child Care Capital Support Revolving Loan Fund?

No. The Child Care Capital Support Revolving Loan Fund is for providers across the entire state of Maryland, administered by the Maryland Department of Commerce while the Montgomery County ECE Facility Loan Program is only for Montgomery County, administered by the Montgomery County Department of Health and Human Services. To learn about the Child Care Capital Support Revolving Loan Fund, please visit [Funding & Incentives Child Care Capital Support Revolving Loan Fund](#).

8. Can child care programs that are part of Montgomery County's Child Care in Public Space program participate in the Montgomery County ECE Facility Loan Program?

No, programs that are part of Montgomery County's Child Care in Public Space program are not eligible because they operate in County-owned spaces and receive County funding for facility improvement needs.

ELIGIBILITY

9. Who can apply for the Montgomery County ECE Facility Loan Program?

- For Forgivable Loans, Family child care (home-based) and child care centers may apply
- For 0% interest loans, only centers may apply
- Programs with a continuous child care license in Montgomery County, MD in compliance with the Office of Child Care licensing regulations
- Providers with a published [Maryland EXCELS](#) rating
- Providers who offer full-time (9 or more hours) and full-year care

10. Do I need to participate in Maryland EXCELS to qualify?

Yes, any published [Maryland EXCELS](#) level

11. Can I apply if I am not licensed?

No. Only continuously licensed child care providers in Montgomery County, MD are eligible. But this is a great time to begin the licensing process so you can qualify for this and similar opportunities in the future. If you would like more information on how to open a family child care or child care center, please contact the [Montgomery County Child Care Support Services](#) via phone: 240-777-GROW (4769) or email: CCSS@montgomerycountymd.gov.

12. What type of projects are eligible?

- Renovations and improvements [[See examples of Common Facility Improvements](#)]
- Expansion projects to increase capacity
- Architect plans, building permits, construction costs, contractor insurance and licensing, zoning approval
- Purchasing furniture, fixtures, equipment and learning materials

13. Do I need to have a certain number of enrolled children?

No specific enrollment number is required.

14. What is the maximum loan amount I can apply for?

Forgivable Loans	0% Interest Loans
• Family Child Care Expansion: \$74,000 • Center Quality Improvement: \$74,000 • Family Child Care Quality Improvement: \$50,000 • Pre-Development for Homes: \$1,000–\$10,000 • Pre-Development for Centers: \$5,000–\$50,000	• Center Quality Improvement: \$200,000 • Center Expansion: \$300,000

15. I am a religious child care, do I qualify?

Programs in child care facilities affiliated with a religious organization must be organized as an independent business entity to be eligible. Those operating solely under the religious organization’s structure are not eligible.

16. Can I apply if I have outstanding debt or tax issues?

Your application will be reviewed case-by-case. Be prepared to discuss your situation.

17. I already have a child care facility and am opening a new location. Can the funds support the new space?

Yes, this is considered an expansion and as long as your child care entity meets the eligibility requirements, and continues to serve children in Montgomery County, MD, it can receive funding. Please note that an expansion project to a new facility will require significant financial investment, you would need to have the primary funding source(s) secured, which possibly exceeds the maximum loan amounts available

through this Program. Please be prepared to demonstrate how you will fund the full project, including the full cost above the loan limits.

18. I have never had a child care facility, can I use the funds to open a new facility?

No. The funds are intended to improve or expand capacity for existing continuously licensed providers.

19. Do I need business insurance to qualify?

Business general liability and child molestation insurance are required for funding. Workers' compensation insurance is required for programs who have staff on payroll.

20. If I was awarded during the last round, can I apply again?

If you received an award during the last funding cycle, your program is ineligible to receive funding for the same project site.

LOCATION & MULTIPLE SITES

21. Can I only use the funds for a project in Montgomery County, MD?

Yes. Your project must be located in Montgomery County, Maryland to qualify.

22. What if I have two child care locations, can I apply for both?

Yes, however, each site must have its own application, budget, and project plan. Funding decisions will be made separately for each site.

23. Can I apply if I rent my space instead of owning it?

Yes, but you must have written permission from the property owner to make the improvements. The length of your lease must be, at minimum, as long as the loan terms.

REPAYMENT/FORGIVENESS

24. When does repayment start?

- 0% interest loans will typically include an interest-only period (no payments due) while construction is underway. Your loan agreement will detail your repayment schedule.
- For a forgivable loan, no payments are made while the loan is active and in good standing.

25. What happens if I do not meet the loan or program conditions?

- If you receive a forgivable loan and do not meet the forgiveness conditions, you may be responsible for repaying the remaining balance under the agreed loan terms. Our intent is to work with providers to ensure that you can meet the forgiveness conditions.
- If you receive a zero percent loan, you must repay it based on the conditions of the loan.

26. How do I meet the conditions for forgiveness?

- Complete 12 hours of professional development
- Remain in operation and in good standing for five years after the project's completion.

27. How does loan forgiveness work?

20% of the original loan amount is forgiven each year over a 5-year period. At the end of the 5-years, provided all program requirements are met, 100% of the loan will have been forgiven.

28. Are there tax implications to loan forgiveness?

For for-profit businesses, forgiveness loan amounts are taxable income. This means each 20% forgiveness is a taxable event for that year. Please review our latest [recorded training](#) on loan forgiveness and estimated tax liability for forgivable loans. We strongly recommend consulting with an accountant or tax professional to understand how this will affect your individual business.

29. Can you please provide an example of the loan forgiveness process?

- Loan closed June 1, 2027.
- Two months before yearly mark: Provider signs attestation April 1, 2028.
- Forgiveness recorded by Reinvestment Fund on June 1, 2028.
- Provider receives a 1099 showing the 20% forgiveness: Jan 31, 2029.

APPLICATION PROCESS

30. What are the steps to submit an application?

- Start your LOI through Reinvestment Fund's online application platform, [SmartSimple](#).
- If you do not already have a SmartSimple account, you must create a free account [here](#).
- For instructions on creating an account, please visit [here](#).

31. What is the application and funding process?

- Step 1. Submit a Letter of Intent (LOI): Short form to confirm eligibility.

- Step 2. Submit your loan application: If eligible, this step includes details on the business and project.
- Step 3. Underwriting & Approval: If selected, this step includes completing site visits.
with program staff and the construction monitor to confirm a feasible project scope.
- Step 4. Loan Closing: If your loan request is approved, during this step the applicant completes paperwork, shares insurance certificates with Lender named, and signs loan documents.

USE OF FUNDS

32. Can I get reimbursed for expenses I have already paid for my project before my application is approved?

No. The Montgomery County ECE Facility Loan Program is for future projects only. You cannot be reimbursed for work started before the application is approved.

33. Can I buy equipment or only make facility improvements?

You can use the funds for both, as long as the purchase improves safety, accessibility, or learning quality.

34. Can I use the funds for salaries or staff training?

No. These funds are for physical improvements, equipment, and materials, not for payroll or other operating expenses.

PROJECT REQUIREMENTS

35. Do I need to use licensed contractors?

Yes, if your project requires specialized work such as electrical, plumbing, or structural changes. For smaller improvements, you may hire skilled people or professionals if it is safe and within legal guidelines.

36. Do I need permits for my project?

Yes, if the project requires a permit, you must obtain the permits before starting the construction work. If a permit is required, it needs to be obtained to close on the construction part of the loan, however, you may qualify for a predevelopment loan for permit expenses. To determine whether your project requires a permit, please review the [Child Care Centers Permitting Process](#).

37. What if my project ends up costing more than the funds I originally applied for?

You are responsible for covering any costs above your award amount.

38. Do I need to include a contingency in my budget?

Yes, your project must include a 10% contingency (extra funds set aside) if your project includes construction just in case your project costs more than expected.

39. What happens if I do not need to use the contingency budget?

If your contingency funds are not needed, they may be used towards your facility project or furniture, fixtures and equipment expenses with guidance and approval from program staff.

TIMELINE

40. If my loan is approved, when will I receive the funds?

The timing and amount depend on the type of loan you receive.

Forgivable Loans	0% Interest Loans
• Quality improvement: 50% upfront, 50% after progress and reporting • Expansion: 30% upfront, 60% after contractor progress, 10% at completion	• Payments are made as work is completed and verified by an inspector

DOCUMENTATION

41. What proof do I need to show I used the funds correctly?

You must keep and submit proof of all purchases and work done with the funds.

42. Do I need to submit before-and-after photos?

Yes. Photos are required to document the project's progress.

43. Will there be site visits?

Yes, program staff (from Reinvestment Fund) may visit before, during, and after your project to confirm progress and completion.

TECHNICAL ASSISTANCE & PROFESSIONAL DEVELOPMENT

44. Will I get help planning my project?

Yes. Technical assistance is available to help you design your project, budget, and timeline.

45. Can program staff recommend architects or contractors for my project?

No, program staff will not recommend architects or contractors.

46. What type of Professional Development (PD) count towards the 12-hour requirement for forgivable loans?

Program staff (from Reinvestment Fund) will provide a list of training courses that count towards the 12-hour PD requirement.

LANGUAGE & APPLICATION SUPPORT

47. Are the Letter of Intent (LOI) and Application available in Spanish?

A PDF version of the LOI and application will be available in Spanish and other languages upon request. However, the LOI through Reinvestment Fund's online application platform, [SmartSimple](#).

48. Can I get materials in another language (other than Spanish and English)?

Yes. We work with translators to provide support in additional languages upon request.

49. Is there help available for filling out the forms?

Program staff can support you in understanding the application questions, however, the application must be completed by the provider.

50. Can I get a copy of the application I submitted during the last application cycle?

Yes, the previously submitted applications are available upon request.

51. I previously applied during the last application cycle; can I have a copy of my score?

No, we are providing the new rubric, and office hours will be available to help providers complete the new application.

HAVE MORE QUESTIONS?

If you have additional questions, please email Laura Montas-Brown, ECE Program Manager, at laura.montas-brown@reinvestment.com.