

Montgomery County Early Care and Education (ECE) Facility Loan Program 2026



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Reinvestment Fund

- We are a mission-driven financial partner that supports communities in building strong, vibrant, inclusive neighborhoods that families are proud to call home.
- Federally designated Community Development Financial Institution (CDFI) who lends nationally and have physical offices in Atlanta and Philadelphia.
- Committed to quality Early Childhood Education and have provided 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.

Agenda

- **Program Overview and Eligibility Criteria**
- **Funding Details and Use of Funding**
Allowable and Unallowable use of funds
- **Application Process**
- **Loan Request Process**
- **Rubric and Scoring Walkthrough**
- **Support Available**
- **Contact Information**



Montgomery County ECE Facility Loan Program Overview

- A flexible loan and Technical Assistance (TA) initiative that helps child care programs in Montgomery County, Maryland grow, improve, and serve more children.
- Available to both home and center based child care business operators and owners.

Program's Goal

Centered on equity, the program works to ensure that children across Montgomery County— especially those in underserved and low-income communities— have access to safe, high-quality early learning environments.

What does the program offer?

The Program offers two types of loans to help child care programs invest in their facilities:

- **Forgivable Loans** (for Homes and Centers): These loans do not need to be paid back if requirements are met over time, up to \$74,000
- **0% Interest Loans** (for Centers): These loans must be repaid, but with no interest, up to \$300,000

**Maximum amounts vary by program type and whether the project supports facility improvement or expansion*

Eligibility Criteria

- Continuously Licensed child care providers in Montgomery County, MD who remain in compliance with the Office of Child Care licensing regulations
- Family child care, large family child care, and child care centers
- Providers with a published [Maryland EXCELS](#) rating
- Providers who offer full-time and full-year care

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

Allowable Use of Funds

- Renovating or upgrading child care facility and spaces to improve quality
- Construction or renovation to expand licensed capacity
- Pre Construction costs: architectural plans, permit fees, environmental assessment, zoning fees, etc.
- Purchasing furniture, fixtures, equipment and learning materials

Non-Allowable Cost

- Operational expenses such as:
 - Staff salaries
 - Training costs
 - Rent or Mortgage
 - Marketing materials
 - Child Care insurance
- Past construction expenses before loan approval

What is Quality Improvement?

Renovating or upgrading child care facility and spaces to improve quality

Examples include:

- Fixing safety issues by repairing uneven flooring, broken steps, poor lighting
- Enhancing outdoor play by adding shade, fencing, equipment
- Refreshing interior and exterior with new paint, signage, flooring

For more examples, please see the [Examples of Common Facility Improvement](#) document

What is an Expansion?

Projects that will increase licensed capacity for children.

Examples include:

- Converting unused space into a classroom
- Opening a new location of an already existing child care entity

For more examples, please see the [Examples of Common Facility Improvement](#) document

What Are 0% Interest Loans?

These are traditional loans must that must be repaid, but there is no interest charged.

Maximum 0% Interest Loan Amounts

- Center Quality Improvement: \$200,000
- Center Expansion: \$300,000

Loan Terms – 0% Construction

0% construction loan:

- **Term:** 5-years.
- **Rate:** 0%
- **Interest-only period for construction:** 18 months (ideally 12 months or less), set based on needs, and may be followed by a 6-month interest-only (payment deferment) period before the loan converts to amortization.
- **Repayment:** no interest payments due during interest-only period. Upon conversion, loans will amortize on schedules of 3 to 25 years, to be determined during underwriting based on debt service coverage and ability to refinance a balloon at maturity.
- **Collateral:** Loan-to-value ratio of 80% or less. An appraisal is not required. All loans will require a UCC on business assets. To the extent possible, RF will require a first position, perfected lien on subject collateral, which may include fee simple real estate, leasehold real estate, equipment, etc.
- **Closing criteria:** all approved project permits
- **Closing costs:** all covered by MC ECE FLP Program

0% Interest Loan Funding Process

- Funding on a reimbursement basis
- Progress payments are made as work is completed and verified by an inspector
- For projects that exceed the loan amount, provider equity is first dollars in, followed by this loan, followed by any higher interest additional debt.

What Are Pre-Development Loans?

Pre-Development loans help pay for early planning costs construction projects.

Predevelopment loans are **forgivable** and must accompany an approved construction loan.

Range: \$5,000–\$50,000

What Can Be Funded with a Pre-Development Loan?

- Zoning costs
- Architect costs
- Permit fees
- Other planning expenses needed before construction begins

Loan Terms - Forgivable Predevelopment

Accompanying forgivable predevelopment loan:

- **Loan term:** 12 months
- **Criteria for forgiveness:** remain open and operating at site, complete 12 hours of TA that year

Accompanying forgivable predevelopment loans can cover significant predevelopment expenses and work in two ways:

1. Closing at same time as construction loan – can reimburse expenses already incurred
2. Closing before construction loan to confirm project readiness and construction loan eligibility*

**Note that facility projects on a shorter timeline are prioritized*

Key Dates to Remember

- October 1, 2026:
Letter of Intent opens.
- January 31, 2027:
Letter of Intent deadline (closes).
- October 20, 2026: Applications
open for applicants with an
approved Letter of Intent.
- March 1, 2027: Application
deadline.

Application statuses will be announced in early 2027



Application /Funding Process

Steps	Timeline & Details
Step 1. Submit a Letter of Intent (LOI)	LOIs close Jan. 31, 2027 Short form to confirm eligibility.
Step 2. Submit Your Loan Application	Applications open Oct. 20 and close March 1, 2027 If eligible, this step includes details on the business and project. <i>Application will be reviewed for completeness, and that status will be relayed on a rolling basis.</i>
Step 3. Underwriting & Approval	Underwriting status will be relayed on a rolling basis If selected by the Loan Advisory Group, this step includes completing site visits with program staff and the construction monitor to confirm a feasible project scope and fielding additional questions that come up during the credit review process.
Step 4. Loan Closing	Through Spring 2027 If your loan request is approved, the applicant shares final project items (approved permits, contractor insurance with lender named, etc.), shares insurance certificates with the named lender, and signs loan documents.

Technical assistance and bilingual services are available to help at every step.

Application Documents

Business Documents

- Certificate of Formation
- By-Laws or Operating Agreement
- Business Insurance

Program Documents

- Child care license
- Historic enrollment information
- Staffing and enrollment plan (for expansion)

Financial Documents

- 2 Years of Tax Returns
- 3 Years of Financial Audits (if available)
- Program Budget
- Year-to-date financials
- Documentation of any current debt

Project Documents

- Project Budget
- Architect/engineer plans (*as applicable*)
- General Contractor(s) contract, insurance, license (*as applicable*)
- Zoning use permit (*as available*)
- Building permits (*as available*)
- Project funding sources
- 5-year financial operating projections (expansion)

**Other documents may be required during the application and funding process*

Loan Request Review Process

Loan Advisory Group

The Loan Advisory Group is a non-governing advisory group comprised of:

- Leadership staff from Reinvestment Fund (RF), as Loan Program Staff and
- Montgomery County Representative, as Loan Program Sponsor

This group is knowledgeable in loan systems, specifically the Loan Program, and child care supply building goals for Montgomery County, MD.

The Loan Advisory Group informs and oversees the decision-making processes related to provider eligibility and loan approvals (adhering to RF Credit Policy), terms, loan forgiveness and monitoring.

The Loan Advisory Group reviews 0% applications **monthly*** to move forwards with underwriting

**November through March, or until funds are fully allocated*

Loan Approval Criteria

Applicant's financial ability to repay debt

- Debt service coverage of >1.2x
- Including review of historic financials, financial projections, and other debt

Applicant's readiness to execute the project

- Achievable facility project led by team of qualified professionals, with all required permits
- Fully funded project budget, including contingency

Project meeting program priorities

- See rubric walkthrough

Rubric Walkthrough

Scoring Rubric Sections

1. Business Plan Feasibility
2. Project Readiness
3. Increase or Sustain Infant/ Toddler Capacity
4. Equity
5. Geographic Need
6. Health and Safety

Total Maximum Score – 100 pts

Business Plan Feasibility

Improvement Projects: Max 16 pts | Expansion Projects: Max 18 pts

- **Years of Experience:** Counts the number of years the applicant has operated as a licensed child care provider based on the license.
- **Enrollment History & Stability:** Measures how consistently the program fills its licensed capacity. Requires two years of enrollment records. Average enrollment/ licensed capacity.
- **EXCELS Rating:** Maryland's official quality rating for child care programs. Level 1 (lowest) to Level 5 (highest) based on the latest unexpired EXCEL Rating Certificate.
- **Strength of Business Financial Health:** Assesses the financial stability of the business. Requires 1 year of business tax returns and budget.
- **Strength of staffing:** Assess whether the program has the staff necessary to operate.

Project Readiness

Improvement Projects: Max 16 pts | Expansion Projects: Max 19 pts

- **Project Specificity:** Looks for a clear project description with activities and scope of work, rather than general statements of intent.
- **Contractor Quotes/Bids:** Confirms the applicant has real, itemized pricing for the project. Quotes must come from an identifiable contractor (business name, license number, and contact information). Important to note, provider or AI generated quotes are not accepted and will receive zero points.
- **Permits & Approvals (incl. HOA):** Confirms the applicant has an understanding or is actively pursuing permits and approvals needed, including HOA approval where applicable.
- **Project timeline:** Measures how quickly the project (permits, approvals, and construction) can be completed after an award.
- **Financing Secured (if needed):** Confirms the applicant can cover any remaining cost beyond the award. Gap equals total project minus the loan amount requested.

Increase or Sustain Infant/ Toddler Capacity

Improvement Projects: Max 25 pts

- Confirms the renovation does not reduce the facility's licensed Infant/Toddler (I/T) capacity (0 to 3 years old)

Expansion Projects: Max 25 pts

- Confirms the project adds new licensed Infant/Toddler seats (0 to 3 years old)

Equity

Improvement and Expansion Projects: Max 18 pts

- Economically Marginalized Children Enrolled: Verifies subsidy/voucher subsidy funding accepted
- Economically Marginalized Areas: Checks the facility address against HUD's Qualified Census Tract lookup tool:
<https://www.huduser.gov/portal/sadda/sadda>
- Care for Children with Special Needs: Checks whether applicant in the past five years, cared for children with a diagnosed disability, formal IEP or IFSP or referred children for early intervention services.
- Licensed for Non-Traditional Hours (Evenings/Weekends): Verifies whether provider is licensed to offer evening (after 6pm) or weekend care

Geographic Need

Improvement and Expansion Projects: Max 18 pts



This score is based on [The State of Supply and Demand for Childcare in Montgomery County, MD report](#)

Geographic Need~ Continued

- Dark/Light orange in **both** maps = Highest Shortage: 20 pts
- Dark/Light orange in **one** map = Moderate Shortage: 10 pts
- Dark/Light orange in **neither** map = Lowest Shortage: 0 pts

Figure 36: Relative Shortage of All Childcare

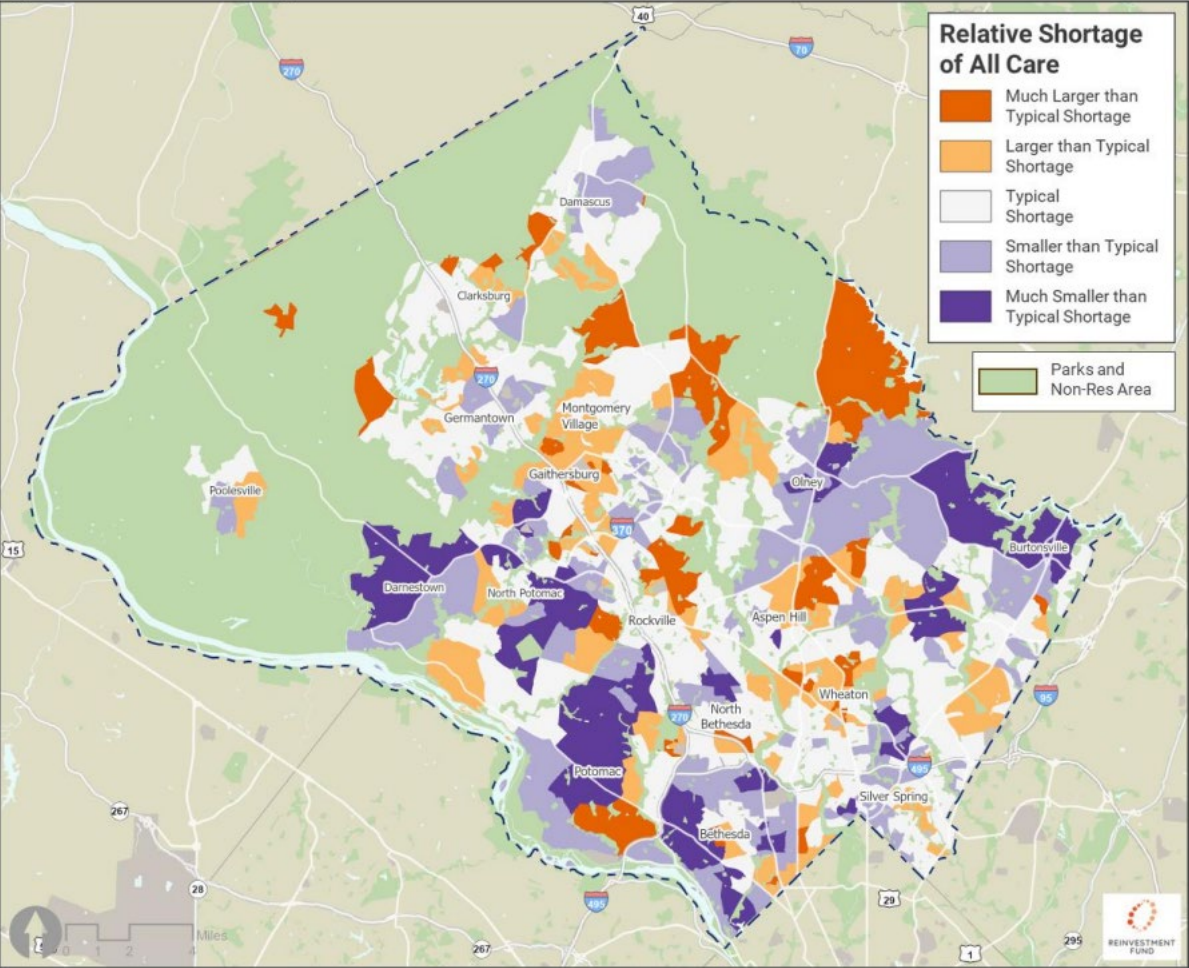
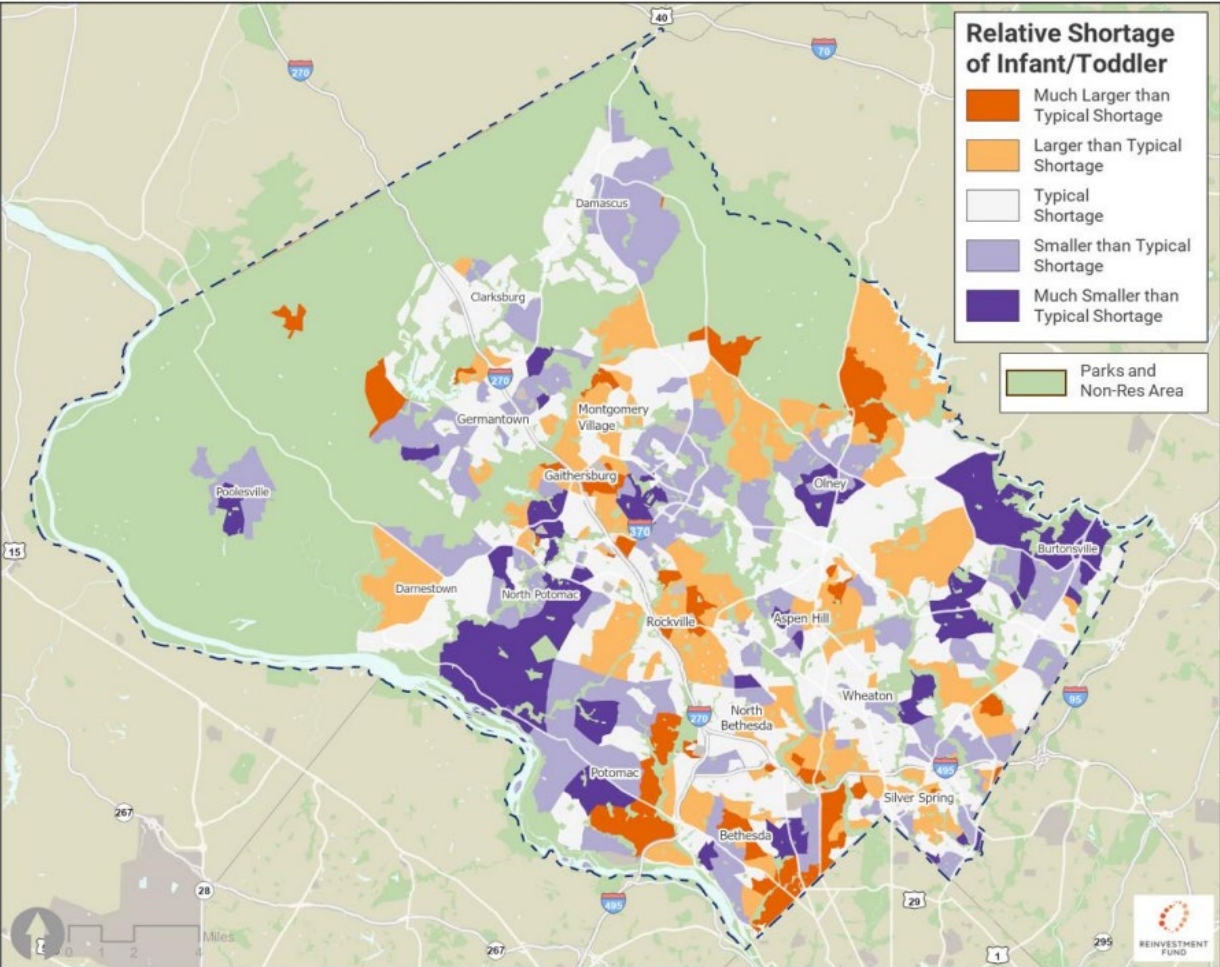


Figure 38: Relative Shortage of Infant and Toddler Care



Health and Safety (Improvement Projects Only)

Improvement Projects: Max 5pts

Prioritizes projects that address licensing concerns.

Resources

Please visit the Webpage for all resources and up to date information

[*Montgomery County Early Care and Education \(ECE\) Facility Loan Program — Reinvestment Fund*](#)

Resources to get started

- [Forgivable Loans Quick Guide](#)
- [Pre-Development Loans Quick Guide](#)
- [0% Interest Loans Quick Guide](#)
- [Examples of Common Facility Improvements](#)
- [Guide to Plan Your Project](#)
- [Child Care Centers Permitting Process](#)
- [Rubric for expansion projects](#)
- [Rubric for improvement projects](#)
- [Frequently Asked Questions](#)
- [Child Care Budget Template](#)
- [Family Child Care Budget Template](#)

Where to Start?

- Guide to Plan Your Project
- Examples of Common Facility Improvements

Coaching to Success: Business Trainings

2026–2027 Session Schedule

All sessions 12:00 PM–2:00 PM

1 Tue, Sept 30, 2026
TIME MANAGEMENT
From Busy to Strategic: Time Management & Project Planning for Childcare Owners
Coach: Aliya Johnson Roberts

2 Wed, Oct 21, 2026
TIME MANAGEMENT
AI as Your Business Assistant: Using AI to Save Time & Understand Your Childcare Business
Coach: Aliya Johnson Roberts

3 Wed, Nov 18, 2026
CREATING YOUR BUDGET
Calculating the True Cost of Care
Coach: Desmond Hudson

4 Wed, Dec 9, 2026
CREATING YOUR BUDGET
Strategies to Run a Successful Small Business
Coach: Desmond Hudson

5 Wed, Jan 20, 2027
TAXES & LEGAL ENTITY
Grant Implications on Taxes
Coach: Shanita Jones

6 February 2027 · *date TBD*
TAXES & LEGAL ENTITY
Tax Shelters
Coach: Larry Jones

7 March 2027 · *date TBD*
MARKETING
Marketing, Part I
Coach: Jahi Davis

8 April 2027 · *date TBD*
MARKETING
Marketing, Part II
Coach: Jahi Davis

9 Wed, May 5, 2027
LEADING TO SUSTAINABILITY
Leading to Sustainability, Part I
Coach: Vonee Hill

10 Wed, May 12, 2027
LEADING TO SUSTAINABILITY
Leading to Sustainability, Part II
Coach: Vonee Hill

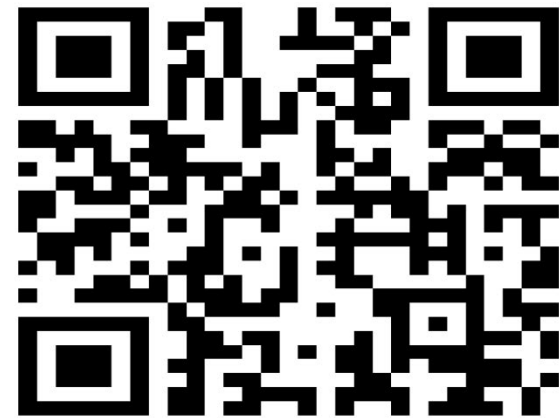
Reserve your seat

Space is limited each month — register once for the full series.



**Help Us Improve:
Please complete the feedback
survey**

**Montgomery County ECE Facility
Loan Program Feedback Survey**



<https://forms.office.com/r/m3izv37fKq>

Contact Information

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Technical assistance and bilingual services are available to help at every step.