

MIDFA encourages economic growth by providing state insurance for industrial mortgage loans under certain conditions and, in turn, providing counties and municipalities with a financing tool to make them competitive with surrounding states in attracting new industry and stimulating the growth of existing industry. This goal is achieved without direct subsidy or pledge of faith or credit by either the state or local government, except to the extent that the state has provided a reserve fund of approximately \$16,000,000 to support MIDFA insurance of loans. The fund (called the Industrial Project Mortgage Insurance Fund) is comprised of the proceeds of bonds issued by the State together with insurance premiums and other income.

A basic prerequisite for MIDFA participation is that new jobs and new taxes be created for Maryland in the process. In its evaluation, the Authority must place considerable weight on the relative economic impact of each project for which loan insurance is sought. This contribution together with the credit worthiness of the company and the collateral value of the land, building, and equipment being financed form the major basis for approval or disapproval by the Authority.

MIDFA may insure all, part or none of first mortgage loans on land and buildings up to 90% of their total cost with maturities of up to 25 years. However, the maturities on insured real estate loans to date have ranged from ten to twenty years. MIDFA may also insure all, part or none of first mortgage loans on machinery and equipment up to 70% of total cost, with maturities of up to 15 years or maximum useful life whichever is less. In either case up to 100% financing is available.

Mortgage loans insured by MIDFA are limited in principal amount to \$5,000,000 per project. MIDFA has the authority to insure a total of \$60,000,000 in principal amount of loans or an amount equal to five times its reserve fund whichever is less.

MIDFA insured mortgage loans may be made for new, expanded, acquired or rehabilitated property in the following six

business categories: manufacturing; warehousing of manufactured goods; research and development facilities; office buildings for company headquarters or regional office use; certain tourist facilities and mercantile and service business categories providing they serve markets primarily out-of-state

A business may obtain a MIDFA insured loan in one of two ways. First it may request local government participation in MIDFA financing, whereby the county or municipality purchases the property, obtains a tax-exempt mortgage loan from a lender and then leases the property to the business, using the lease as additional collateral for the mortgage loan. Secondly, a business may arrange a mortgage loan directly with a lender at prevailing commercial loan rates. In either case, the county or municipality has no direct responsibility for the repayment of the loan. With local government participation, tax exempt interest rates are passed on to the industrial prospect through reduced rentals under the lease since rental payments are geared to principal and interest obligations of the loan.

As of the close of fiscal year 1975 there were 54 MIDFA approved loans totalling \$31,119,981 of which 47 loans were closed having an outstanding balance of \$28,163,481 (Code 1957, 1971 Repl. Vol., Art 41, secs. 266J-266CC).

## **MARYLAND COMMISSION FOR LATIN AMERICAN AFFAIRS**

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The Governor appointed this Commission in 1968 at the request of the General Assembly to initiate and coordinate programs designed to foster, improve, increase, and encourage trade, tourism, and cultural exchanges between the free countries of Central and South America and the State of Maryland. The Commission consists of representatives of business, labor, education, tourism, and the public at large. The Commission is to explore and study, and report