

with the approval of the Governor. The Secretary of Economic and Community Development or his designee, and either the State Treasurer or Comptroller of the Treasury (as chosen by the Governor), serve as ex officio members. The Authority elects its own officers and appoints an Executive Director who serves as Secretary.

By approving mortgage loans made by private lenders, MIDFA enables companies to obtain loans at a higher percentage of project cost, at a lower interest rate, and for a longer term than is normally available from conventional sources. Land, buildings, and equipment can be financed through this program. A company seeking MIDFA's assistance generally must meet three basic requirements: legal eligibility, economic impact, and credit worthiness.

To be legally eligible, a company must be engaged in one of the following types of business activity: manufacturing; warehousing of manufactured, agricultural, or seafood products; research and development; certain tourist and convention facilities; mercantile, retail, or service facilities that primarily serve out-of-state markets; office buildings for corporate headquarters or regional offices; certain port improvements and public use, privately owned, airport facilities; gasohol; and racetracks or sports arenas. Each project or activity seeking loan assistance must hold promise of substantial economic impact on Maryland and the community where the project is located. The number of new jobs to be created, the generation of taxes, and meeting local community needs are primary considerations. Additionally, the overall financial condition of the company, as well as the value of collateral securing the loan, is important. The faith and credit of the State of Maryland are not pledged for the repayment of the loan.

MIDFA has a dual purpose: first, it approves loans for tax-exempt financing; and second, it insures a portion of the loan. Usually the two functions are combined. Yet, in some instances, a company may request approval for tax-exempt status but the lender will not require insurance. MIDFA is permitted to insure any portion of the loan up to 90 percent of the cost of the land and buildings and up to 70 percent of the cost of equipment. The loan, however, may be made to cover up to 100 percent of eligible costs. The total amount of insured portions of MIDFA loans outstanding cannot exceed an amount equal to five times the balance in MIDFA's Industrial Project Mortgage Insurance Fund. As of August 1980, the balance in the Fund was \$19,500,000. MIDFA's insurance is limited to \$5,000,000 per project.

Insured loans generally are secured by a first

lien mortgage on the project being financed. In cases where MIDFA does not insure the loan, however, the first lien requirement is eliminated. The legal maximum term of an insured loan on real estate is twenty-five years, while fifteen years (or useful life, if less) is the maximum on equipment. There are no term requirements for loans not insured by MIDFA. MIDFA charges an insurance premium of 0.5 percent of the insured balance on insurance loans. This premium is waived in any political subdivision where unemployment is high.

Generally, the local governmental body must borrow the necessary funds to acquire a particular project. The project may be owned by or leased to a company. Loan or lease payments are made to the local governmental body to coincide in amount and term with the loan payments required by the lender. In the case of a lease arrangement, the property is conveyed to the company for a nominal sum when the loan is paid in full.

By June 30, 1981, MIDFA had approved 208 loans totalling \$244,935,000 (Code Financial Institutions Article, secs. 13-101 through 13-155)

In 1981, the General Assembly granted MIDFA the authority to issue "umbrella bonds" to fund groups of small loans of less than \$1 million, each pooled together to comprise a single bond offering.

OFFICE OF SEAFOOD MARKETING

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The Office of Seafood Marketing (OSM) promotes increased consumption and distribution of Maryland seafood. In conjunction with this objective it seeks efficient methods to reduce cost and improve the quality and marketability of the product.

OFFICE OF TOURIST DEVELOPMENT

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The Office of Tourist Development (OTD) promotes Maryland's scenic, recreational, cultural, and historic attractions. It also provides matching funds for local jurisdictions to implement programs that complement State efforts to attract new visitors to Maryland.