

MIDFA may insure both asset-based and working-capital-related financing. Examples of the types of loans and other obligations that may be insured by the Authority include term loans, start-up loans, acquisition loans, letters of credit, leasing transactions, and revolving loans.

To participate in MIDFA's programs, a company must generally qualify in each of three basic categories: legal eligibility, economic impact, and credit-worthiness (Code Financial Institutions Article, secs. 13-101 through 13-141; Federal Internal Revenue Code, sec. 103).

MIDFA's policy and decision-making body is a nine-member Authority. Seven members are appointed to five-year terms by the Secretary of Economic and Employment Development with the approval of the Governor. The Secretary of Economic and Employment Development or designee, and either the State Treasurer or Comptroller of the Treasury, as designated by the Governor, serve ex officio. The Authority appoints an Executive Director who serves as Secretary.

MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING AUTHORITY (MSBDEFA)

Chairperson: Lloyd M. Arrington, Jr., 1993

Appointed by Governor: John J. Oliver, Jr., 1989; William C. Womble, Jr., 1989; J. Roger Sullivan, 1990; Jerry Feigen, 1991; Dorothy E. Brunson, 1992; Lillian H. Lincoln, 1992.

Ex officio: J. Randall Evans, *Secretary of Economic & Employment Development*; Donald Walton, *designee of State Treasurer*.

Stanley W. Tucker, *Executive Director*

217 E. Redwood St.
Baltimore, MD 21202 333-4270

The Maryland Small Business Development Financing Authority (MSBDEFA) was created in 1978 (Chapter 879, Acts of 1978). To provide financial assistance to minority businesses, the Authority administers four programs: Government Contract Financing; Long-Term Guarantee; Equity Participation Investment; and Surety Bond Guaranty Assistance.

Government Contract Financing Program. For eligible firms with government contracts, MSBDEFA may guarantee a loan from a financial institution or provide a direct loan for working capital and equipment. These guarantees or loans may be provided only as necessary to fulfill contracts on projects financed by federal, State, or local government, or a utility regulated by the Public Service Commission.

Long-Term Guarantee Program. For all eligible firms, MSBDEFA may guarantee and pay an interest rate subsidy on a long-term loan made by a financial institution for working capital, acquisition and related installation of machinery and equipment, or necessary improvements to real property owned in fee simple by the applicant.

Equity Participation Investment Program. For all eligible firms, MSBDEFA may invest up to 45 percent or \$100,000 (whichever is less) of the equity needed to start a franchise operation. MSBDEFA requires the initial investment to be recovered within five years.

Surety Bond Guaranty Assistance Program. All small businesses are eligible. This program helps the small contractor secure bonding by guaranteeing 90 percent of the losses that a surety company incurs in the event of a breach of contract.

MSBDEFA programs are unique. A major criterion for approval of MSBDEFA guarantees and loans is the economic impact resulting from the use of available funds. This impact is measured according to the projected number of jobs retained and created, and the projected amount of tax revenue generated from the use of these funds.

The Authority consists of seven members appointed to five-year terms by the Governor. The Secretary of Economic and Employment Development and either the State Treasurer or Comptroller, as designated by the Governor, serve ex officio (Code Financial Institutions Article, secs. 13-201 through 13-234).

DAY CARE FINANCING PROGRAMS

Joan Case, *Director*

217 E. Redwood St.
Baltimore, MD 21202 333-4308

Established in 1988, Day Care Financing Programs administers two funds to promote economic development, increase employment, and expand quality day care in Maryland. To aid employers and developers in the day care industry, the two financing funds provide financial assistance for small business owners.

The Day Care Facilities Loan Guarantee Fund was created in 1984 to help small businesses providing day care. The Fund finances up to 80 percent of loans by a lender. It is available for day care centers for infants, toddlers, and preschool age children, as well as elderly and medically handicapped adults. Loan proceeds can be used for the purchase of land, equipment, and supplies; renovation; building construction; and working capital (Code 1957, Art. 83A, secs. 6-201 through 6-213).

The Child Care Facilities Direct Loan Fund was formed in 1988 (Chapter 248, Acts of 1988). The