

(2) The Authority may [guaranty] GUARANTEE a loan made to an eligible applicant. The terms and conditions of a loan guaranty are within the sole discretion of the Authority. The Authority may not [guaranty] GUARANTEE more than \$150,000 of a loan. The duration of the [loan guaranteed may not exceed] GUARANTY SHALL BE LIMITED TO the term of the contract WHERE FEASIBLE, BUT THE AUTHORITY MAY MAKE A LONGER-TERM GUARANTY IF, IN ITS JUDGMENT, A LONGER-TERM GUARANTY WILL BETTER CARRY OUT THE PURPOSES OF THIS SUBHEADING.

(3) (i) The Authority may [guaranty] GUARANTEE no more than 10 percent of a person's equity investment in an eligible corporation.

(ii) The Authority may not [guaranty] GUARANTEE a person's equity investment if that person:

(A) Previously held an equity investment in the corporation;

(B) Previously participated in the management of the corporation; or

(C) In any other manner is related to the enterprise, its current shareholders, officers, or other management personnel.

(iii) The Authority may not [guaranty] GUARANTEE more than \$150,000 of a person's equity investment in an eligible corporation.

(4) The Authority shall grant loans or guaranties primarily for funds used as working capital.

(5) The Authority may only [guaranty] GUARANTEE a loan to be used for projects financed by federal, State, or local government, where the [individual] APPLICANT has applied for such financing but has been rejected.

SECTION 2. AND BE IT FURTHER ENACTED, That section(s) of the Annotated Code of Maryland (as enacted by Chapter 33 of the Acts of the General Assembly of 1980) be repealed, amended, or enacted to read as follows:

Article - Financial Institutions

13-228.

(A) The authority may guarantee a loan made to an applicant only if:

(1) The applicant meets the qualifications required by this subtitle;

(2) The loan is to be used to perform a contract for a project that a federal, State, or local government finances;