The second clause of present Art. 41, § 266HH-5(5), which requires an applicant be denied a loan to be eligible for a loan guarantee now appears in § 13-231 of this subtitle.

13-229. LIMITATIONS ON POWER TO GUARANTEE EQUITY; PROHIBITED INVESTORS.

(A) IN GENERAL.

THE AUTHORITY MAY GUARANTEE A PERSON'S *PROPOSED* EQUITY INVESTMENT IN THE APPLICANT ONLY IF:

(1) THE APPLICANT MEETS THE REQUIREMENTS OF THIS SUBTITLE;

(2) THE AMOUNT OF THE EQUITY INVESTMENT TO BE GUARANTEED DOES NOT EXCEED THE LESSER OF:

(I) 10 PERCENT OF THE PERSON'S EQUITY INVESTMENT IN THE APPLICANT; OR

(II) $150,000; AND

(3) THE EQUITY INVESTMENT TO BE GUARANTEED IS TO BE USED PRIMARILY FOR WORKING CAPITAL.

(B) PROHIBITED INVESTORS.

THE AUTHORITY MAY NOT GUARANTEE THE EQUITY INVESTMENT OF A PERSON WHO:

(1) PREVIOUSLY HELD AN EQUITY INVESTMENT IN THE APPLICANT;

(2) PREVIOUSLY PARTICIPATED IN THE MANAGEMENT OF THE APPLICANT; OR

(3) IN ANY OTHER MANNER IS RELATED TO:

(I) THE APPLICANT; OR

(II) ANY OF ITS CURRENT STOCKHOLDERS, OFFICERS, OR OTHER MANAGEMENT PERSONNEL.

REVISOR'S NOTE: This section is new language derived without substantive change from Art. 41, § 266HH-5(3) and (4) — as that paragraph relates to guarantees of equity investments.

Subsection (a)(1) of this section is new language substituted for the present references to "eligible applicants" and "eligible corporation". In this regard, see the revisor's note to § 13-228 of this subtitle. The limitation that only corporations may apply for a guarantee of an