

Article - Financial Institutions

13-307.

The Department periodically shall set a preferred interest rate[, which] THAT, AS LONG AS MONEYS BORROWED BY THE STATE ARE APPROPRIATED TO THE PROGRAM, COMPLIES WITH ANY APPLICABLE FEDERAL TREASURY REGULATIONS GOVERNING THE BORROWING OF MONEYS BY THE STATE. THE PREFERRED interest rate shall be:

(1) At least sufficient to cover:

(i) All administrative and other expenses of the program;

(ii) Reasonably expected losses due to defaults on loans; and

(iii) The interest cost of moneys used to fund the program, which may be the actual interest cost of moneys borrowed by the State and appropriated to the program, or the imputed interest cost of general funds or loan repayments appropriated to the program; and

(2) Not less than a rate that is 5 percentage points below the prevailing rate on comparable loans made by private lenders as determined by the Department, unless: [the]

(I) THE Department also determines that the ~~prevailing~~ prevailing rate is so high that this condition is not compatible with both prudent loan underwriting standards and with the income limits established under § 13-306(d) of this subtitle; OR

(II) THE DEPARTMENT ALSO DETERMINES THAT A RATE THAT IS MORE THAN 5 PERCENTAGE POINTS BELOW THE ~~PEVAIING~~ PREVAILING RATE IS NECESSARY TO COMPLY WITH FEDERAL TREASURY REGULATIONS GOVERNING THE BORROWING OF MONEYS BY THE STATE.

13-308.

(a) The program shall operate as a continuing, nonlapsing, special fund, that consists of moneys appropriated by the State to the program.

(b) The Department shall use the fund to make loans and to pay expenses of the program (INCLUDING RESERVES FOR ANTICIPATED FUTURE LOSSES DIRECTLY RELATED TO THE PROGRAM) as provided in the annual budget of the State or other act appropriating moneys.

(c) The State Treasurer shall hold and the State Comptroller shall account for the fund. The fund shall be invested and reinvested in the same manner as other State