

THERE IS A CAPITAL ACCESS PROGRAM IN THE NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM.

(B) PURPOSES OF PROGRAM.

THE PURPOSES OF THE CAPITAL ACCESS PROGRAM ARE TO:

(1) STIMULATE PRIVATE SECTOR LENDING TO SMALL BUSINESSES THROUGHOUT THE STATE; AND

(2) ENCOURAGE PRIVATE LENDERS TO PROVIDE FOR A RESERVE OF MONEY AS ADDITIONAL SECURITY FOR PRIVATE SECTOR LOANS MADE UNDER THIS SECTION.

(C) PARTICIPATION AGREEMENTS.

THE DEPARTMENT MAY ENTER INTO A CAPITAL ACCESS PROGRAM PARTICIPATION AGREEMENT WITH EACH LENDER ELIGIBLE TO PARTICIPATE IN THE CAPITAL ACCESS PROGRAM.

(D) ELIGIBILITY — LENDERS.

TO BE ELIGIBLE TO PARTICIPATE IN THE CAPITAL ACCESS PROGRAM, A LENDER:

(1) SHALL BE A FEDERALLY INSURED FINANCIAL INSTITUTION, AS DEFINED IN § 1-101 OF THE FINANCIAL INSTITUTIONS ARTICLE, OR ANOTHER INSTITUTION REGULATED BY THE COMMISSIONER OF FINANCIAL REGULATION; AND

(2) SHALL ENTER INTO A PARTICIPATION AGREEMENT WITH THE DEPARTMENT THAT:

(I) REQUIRES THE LENDER TO AGREE TO:

1. ENROLL IN THE CAPITAL ACCESS PROGRAM LOANS THAT THE LENDER MAKES TO AN ELIGIBLE SMALL BUSINESS;

2. ESTABLISH A LOAN RESERVE ACCOUNT WITH A FEDERALLY INSURED FINANCIAL INSTITUTION AS ADDITIONAL SECURITY TO COVER LOSSES OF THE LENDER ON LOANS THAT THE LENDER ENROLLS; AND

3. CONTRIBUTE MONEY TO THE LOAN RESERVE ACCOUNT FOR EACH LOAN THAT THE LENDER ENROLLS; AND

(II) ALLOWS THE LENDER TO COMMINGLE IN THE RESERVE ACCOUNT CONTRIBUTIONS MADE FOR LOANS THAT THE LENDER ENROLLS.

(E) SAME — BORROWERS.

TO BE ELIGIBLE FOR A LOAN UNDER THE CAPITAL ACCESS PROGRAM, A BORROWER: