

(a) The Authority may utilize the Guaranty Fund to guarantee up to 80 percent of the principal of and interest on a long-term loan made by a financial institution to an applicant only if:

(1) The applicant meets the requirements of § 13-231 and has not violated any provisions of § 13-233.4 of this subtitle;

(2) The loan amount is not less than \$5,000 and not more than \$500,000;

(3) The loan is to be used by the applicant for:

(I) [working] WORKING capital [or];

(II) [the] THE acquisition AND RELATED INSTALLATION of machinery or equipment; OR

(III) NECESSARY IMPROVEMENTS TO REAL PROPERTY OWNED IN FEE SIMPLE BY THE APPLICANT, BUT IN NO CASE SHALL THE PORTION OF THE LOAN USED FOR IMPROVEMENTS TO REAL PROPERTY EXCEED ONE HALF OF THE ENTIRE LOAN AMOUNT; OR

~~(IV) -- ACQUISITION OF REAL PROPERTY IN FEE SIMPLE BY THE APPLICANT IN CONNECTION WITH THE EXTENSION OF EQUITY PARTICIPATION FINANCING TO THE APPLICANT UNDER SECTIONS 13-235 THROUGH 13-241 OF THIS SUBTITLE;~~

(4) The loan shall mature in not less than 1 year and not more than 10 years from the date of closing of the loan; and

(5) The rate of interest on the loan is no greater than the rate of interest determined by the Authority to be the monthly weighted average of the prime lending rate, plus 1 percent, prevailing from time to time in the City of Baltimore on unsecured commercial loans.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1987.

Approved June 2, 1987.
