

(7) An investment earnings account.

(d) Amounts in the WATER QUALITY Fund may be used only:

(1) To make loans, on the condition that:

(i) The loans are made at or below market interest rates, including interest free loans, at terms not to exceed 20 years;

(ii) Annual principal and interest payments will commence not later than 1 year after completion of any wastewater facility and all loans will be fully amortized not later than 20 years after project completion;

(iii) The borrower will establish a dedicated source of revenue for repayment of loans; and

(iv) The WATER QUALITY Fund will be credited with all payments of principal and interest on all loans;

(2) To buy or refinance debt obligations of local governments at or below market rates, if such debt obligations were incurred after March 7, 1985;

(3) To guarantee, or purchase insurance for, bonds, notes, or other evidences of obligation issued by a local government for the purpose of financing all or a portion of the cost of a wastewater facility, if such action would improve credit market access or reduce interest rates;

(4) As a source of revenue or security for the payment of principal and interest on bonds issued by the Administration if the proceeds of the sale of such bonds will be deposited in the WATER QUALITY Fund;

(5) To earn interest on WATER QUALITY Fund accounts;

(6) For the reasonable costs of administering the WATER QUALITY Fund and conducting activities under Title VI of the Federal Water Pollution Control Act; and

(7) For any other purpose authorized by Title VI of the Federal Water Pollution Control Act.

(e) The costs of administering the WATER QUALITY Fund shall be paid from federal capitalization grants and awards, from bond sale proceeds, and from amounts received from borrowers pursuant to loan agreements, and not from any State moneys appropriated to the Fund, except general funds of the State used to match federal capitalization grants and awards to the WATER QUALITY Fund.

9-1605.1.

(A) (1) THERE IS A MARYLAND DRINKING WATER REVOLVING LOAN FUND. THE DRINKING WATER LOAN FUND SHALL BE MAINTAINED AND ADMINISTERED BY THE ADMINISTRATION IN ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE AND SUCH RULES OR PROGRAM DIRECTIVES AS THE SECRETARY OR THE BOARD MAY FROM TIME TO TIME PRESCRIBE.