

(2) THE DRINKING WATER LOAN FUND IS A SPECIAL, CONTINUING, NONLAPSING FUND WHICH IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE AND WHICH SHALL BE AVAILABLE IN PERPETUITY FOR THE PURPOSE OF PROVIDING FINANCIAL ASSISTANCE TO ~~WATER SUPPLY SYSTEMS, AS DEFINED IN § 9-201 (U) OF THIS ARTICLE, OWNED OR OPERATED BY A LOCAL GOVERNMENT AND RELATED COSTS,~~ LOCAL GOVERNMENTS FOR WATER SUPPLY SYSTEMS AND COSTS RELATED THERETO, INCLUDING STUDIES, SURVEYS, TESTS, INSURANCE, ARCHITECTURAL, ENGINEERING AND LEGAL SERVICES, OTHER SPECIAL SERVICES, ADMINISTRATIVE COSTS, AND OTHER MISCELLANEOUS EXPENSES.

(3) SUBJECT TO THE PROVISIONS OF ANY APPLICABLE BOND RESOLUTION REGARDING THE HOLDING OR APPLICATION OF AMOUNTS IN THE DRINKING WATER LOAN FUND, THE TREASURER SHALL SEPARATELY HOLD, AND THE COMPTROLLER SHALL ACCOUNT FOR, THE DRINKING WATER LOAN FUND.

(4) SUBJECT TO THE PROVISIONS OF ANY APPLICABLE BOND RESOLUTION GOVERNING THE INVESTMENT OF AMOUNTS IN THE DRINKING WATER LOAN FUND, THE DRINKING WATER LOAN FUND SHALL BE INVESTED AND REINVESTED IN THE SAME MANNER AS OTHER STATE FUNDS.

(5) ANY INVESTMENT EARNINGS SHALL BE RETAINED TO THE CREDIT OF THE DRINKING WATER LOAN FUND.

(6) THE DRINKING WATER LOAN FUND SHALL BE SUBJECT TO BIENNIAL AUDIT BY THE DIVISION OF AUDITS AS PROVIDED FOR IN § 2-1215 OF THE STATE GOVERNMENT ARTICLE.

(7) THE ADMINISTRATION SHALL OPERATE THE DRINKING WATER LOAN FUND IN ACCORDANCE WITH § 9-1616 THROUGH § 9-1621, INCLUSIVE, OF THIS ARTICLE.

(B) THERE SHALL BE DEPOSITED IN THE DRINKING WATER LOAN FUND:

(1) FEDERAL GRANTS AND AWARDS OR OTHER FEDERAL ASSISTANCE RECEIVED BY THE STATE FOR THE PURPOSE OF MAKING LOANS TO LOCAL GOVERNMENTS FOR ~~CONSTRUCTING IMPROVEMENTS TO DRINKING WATER SUPPLY~~ SYSTEMS;

(2) FUNDS APPROPRIATED BY THE GENERAL ASSEMBLY FOR DEPOSIT TO THE DRINKING WATER LOAN FUND;

(3) PAYMENTS RECEIVED FROM LOCAL GOVERNMENTS FOR DEPOSIT TO THE DRINKING WATER LOAN FUND IN REPAYMENT OF A LOAN, INCLUDING AMOUNTS WITHHELD BY THE STATE COMPTROLLER AND PAID TO THE ADMINISTRATION PURSUANT TO A PLEDGE MADE BY A BORROWER UNDER § 9-1606(D) OF THIS ARTICLE;

(4) NET PROCEEDS OF BONDS ISSUED BY THE ADMINISTRATION;

(5) INTEREST OR OTHER INCOME EARNED ON THE INVESTMENT OF MONEYS IN THE DRINKING WATER LOAN FUND; AND