

4-207.

(A) (1) THERE IS A CAPITAL ACCESS PROGRAM WITHIN THE NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM TO STIMULATE PRIVATE SECTOR LENDING TO SMALL BUSINESSES THROUGHOUT THE STATE.

(2) THE CAPITAL ACCESS PROGRAM IS DESIGNED TO ENCOURAGE PRIVATE LENDERS TO PROVIDE FOR A RESERVE OF FUNDS AS ADDITIONAL SECURITY FOR PRIVATE SECTOR LOANS MADE UNDER THIS SECTION.

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

(C) TO BE ELIGIBLE TO PARTICIPATE IN THE CAPITAL ACCESS PROGRAM, A LENDER SHALL:

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

(2) ENTER INTO A PARTICIPATION AGREEMENT WITH THE DEPARTMENT UNDER WHICH THE LENDER:

(I) SHALL AGREE TO:

1. ENROLL IN THE CAPITAL ACCESS PROGRAM LOANS MADE TO ELIGIBLE SMALL BUSINESSES;

2. ESTABLISH A LOAN RESERVE ACCOUNT WITH A FEDERALLY INSURED FINANCIAL INSTITUTION AS ADDITIONAL SECURITY TO COVER LOSSES SUSTAINED BY THE LENDER ON ANY LOANS ENROLLED BY THE LENDER; AND

3. CONTRIBUTE FUNDS TO THE LOAN RESERVE ACCOUNT FOR EACH LOAN ENROLLED IN THE CAPITAL ACCESS PROGRAM; AND

(II) MAY COMMINGLE IN THE RESERVE ACCOUNT ANY CONTRIBUTIONS MADE FOR ANY LOANS ENROLLED BY THE LENDER WITH THE CAPITAL ACCESS PROGRAM.

(D) TO BE ELIGIBLE FOR A LOAN ~~TO BE ENROLLED~~ UNDER THE CAPITAL ACCESS PROGRAM, A BORROWER SHALL:

(1) BE A SMALL BUSINESS THAT MEETS THE ELIGIBILITY REQUIREMENTS SET OUT IN THE CAPITAL ACCESS PROGRAM PARTICIPATION AGREEMENT BETWEEN THE BORROWER'S LENDER AND THE DEPARTMENT; AND

(2) AGREE WITH THE LENDER TO CONTRIBUTE FUNDS TO THE LOAN RESERVE ACCOUNT ESTABLISHED BY THE LENDER.