

(ii) Except as provided in item (iii) of this paragraph, may not exceed 70% of the total costs of the project being financed;

(iii) May constitute 100% of the total costs of the project being financed if [the recipient];

1. THE RECIPIENT is the Maryland Economic Development Corporation; OR

2. THE FINANCIAL ASSISTANCE IS FOR AN ARTS AND ENTERTAINMENT ENTERPRISE OR ARTS AND ENTERTAINMENT PROJECT;

(iv) If a loan for a significant strategic economic development opportunity or for a specialized economic development opportunity, shall carry an interest rate below the market rate of interest, as determined by the Department;

(v) If a loan for a local economic development opportunity or to a local government, shall carry an interest rate not exceeding one-eighth of one percent plus the net interest cost of the most recent State general obligation bond issue preceding the approval of the loan;

(vi) Shall not bear a rate of interest less than 3% unless the project funded by a loan is located in an area of high unemployment or the Department determines that the borrower is carrying out a compelling economic development initiative; and

(vii) May not be used to refinance existing debt.

(2) Loans from the Fund may not be for a term exceeding:

(i) For working capital – 3 years;

(ii) For financing machinery, equipment, furnishings, or fixtures – the lesser of 15 years or the useful life of the asset, as determined by the Department;

(iii) For financing the construction or acquisition of buildings and real estate – 25 years; and

(iv) For financing redevelopment of a qualified brownfields site – a term approved by the Department or the Authority.

(3) For loans from the Fund the Department may:

(i) Waive interest during the first 2 years of a loan term; or

(ii) Upon a default by the borrower, impose an interest rate that exceeds the limits set forth in paragraph (1) of this subsection.

(4) Investments from the Fund may be made only in conjunction with a loan or a grant from the Fund.