

**Senate Bill No. 51**

AN ACT concerning

**Business and Economic Development - Maryland Small Business Development Financing Authority - Guaranty Fund**

FOR the purpose of authorizing the Maryland Small Business Development Financing Authority to utilize its Guaranty Fund to guarantee up to a certain amount the principal and interest of certain loans used to refinance existing debt; and generally relating to the use of the Guaranty Fund of the Maryland Small Business Development Financing Authority to guarantee loans.

BY repealing and reenacting, with amendments,

Article 83A - Department of Business and Economic Development

Section 5-1029

Annotated Code of Maryland

(1998 Replacement Volume and 2002 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

**Article 83A - Department of Business and Economic Development**

5-1029.

(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 § 5-1025 and has not violated any provisions of § 5-1031 of this subtitle;

(2) The loan amount is not less than \$5,000 and the maximum amount payable by the Authority under its guarantee does not exceed \$1,000,000;

(3) The purposes for which the loan is to be used include:

(i) Working capital;

(II) REFINANCING EXISTING DEBT OF THE APPLICANT;

[(ii)] (III) The acquisition and related installation of machinery or equipment;

[(iii)] (IV) Necessary improvements to real property leased or owned in fee simple by the applicant; or

[(iv)] (V) The acquisition of real property to be owned in fee simple by the applicant if:

1. The real property is to be used in the operation of the applicant's trade or business for which the loan and guarantee are sought; and