

Article - Environment

9-1606.1.

(a) (1) In this section the following words have the meanings indicated.

(2) "Lender" means a financial institution that:

(i) Is eligible to make commercial loans;

(ii) [Is a public depository of State funds;

(iii)] Agrees to receive linked deposits under this subtitle; and

[(iv) Is insured by the Federal Deposit Insurance Corporation.]

(III) 1. IS A PUBLIC DEPOSITORY OF STATE FUNDS INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION; OR

2. IS AN INSTITUTION OF THE FARM CREDIT SYSTEM ORGANIZED UNDER THE FARM CREDIT ACT OF 1971, AS AMENDED.

(3) "Linked deposit" means a deposit OR INVESTMENT that is placed by the Administration with a lender and earns income below the prevailing market rate for equivalent deposits OR INVESTMENTS made with the lender at the time of the deposit OR INVESTMENT.

(4) "Linked deposit loan" means a loan from a lender to a borrower that:

(i) Is used for the purposes of § 9-1605(d)(6) or § 9-1605.1(d)(7) of this subtitle; and

(ii) Is provided at an interest rate below the prevailing market rate to the same extent income earned on the linked deposit is below income paid on equivalent deposits.

(5) "Linked Deposit Program" means a program established by the Administration whereby a linked deposit is placed with a lender based on the agreement of the lender to provide a linked deposit loan to a borrower.

(b) (1) A borrower desiring to acquire a linked deposit loan shall apply to a lender.

(2) The Administration shall certify to a lender that a borrower is eligible for a linked deposit loan consistent with § 9-1605(d)(6) or § 9-1605.1(d)(7) of this subtitle.

(c) (4) Upon approval of a linked deposit loan by the lender, the Administration and lender shall enter into an agreement under which the amount and term of, and schedule for payment of principal and interest on, the linked deposit shall be determined.

~~(3) UPON COMPLETION OF THE AGREEMENT, THE ADMINISTRATION SHALL TRANSFER TO THE LENDER FUNDS EQUIVALENT TO THE AMOUNT OF THE LINKED DEPOSIT LOAN APPROVED AS FOLLOWS:~~