

(iii) Necessary improvements to real property owned in fee simple by the applicant, but in no case shall the portion of the loan used for improvements to real property exceed one half of the entire loan amount;

(4) The loan shall mature in not [less than 1 year and not] more than 10 years from the date of closing of the loan; and

(5) The rate of interest on the loan is no greater than the rate of interest determined by the Authority to be the monthly weighted average of the prime lending rate, plus [1 percent] 2 PERCENT, prevailing from time to time in the City of Baltimore on unsecured commercial loans.

(b) A guarantee shall contain such terms and conditions as the Authority may deem appropriate.

(c) (1) The Authority may not approve a guarantee pursuant to this section unless the Authority considers the economic impact of the loan sought to be guaranteed to be substantial.

(2) To determine the economic impact of a project, the Authority may consider:

- (i) The amount of the guarantee obligation;
- (ii) The terms of the loan to be guaranteed;
- (iii) The number of new jobs that will be created by the loan; and
- (iv) Any other factor that the Authority considers relevant.

(d) In addition to the granting of a loan guarantee, the Authority may for the benefit of an applicant provide an interest subsidy which may be for the life of the loan, not to exceed 4 percent, to a financial institution issuing a loan guaranteed by the Authority pursuant to this section which:

(1) Is payable quarterly;

(2) Shall not exceed the difference between the rate of interest requested by the financial institution to make the loan, which rate shall not exceed the rate of interest determined by the Authority to be the monthly weighted average of the prime lending rate, plus [1 percent] 2 PERCENT, prevailing from time to time in the City of Baltimore on unsecured commercial loans, and the discount rate of interest employed by the Federal Reserve Bank of the United States, the difference to be determined by the Authority as of the date of closing of the loan for which the guarantee is given; and

(3) Is payable during the term of the loan, excluding any period in which the Authority determines that the loan is in default.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1991.