

(5) The Authority's recovery shall be the greater of the current value of the percentage of the equity investment in the enterprise or the amount of the initial investment in the enterprise.

(6) The value of the business entity at the time of recovery shall be [the average of 3 independent appraisals of the value] DETERMINED AFTER OBTAINING AT LEAST 1 INDEPENDENT APPRAISAL OF SUCH VALUE THE VALUE FROM AN APPRAISER SELECTED FROM A LIST OF AT LEAST 3 APPRAISERS SUPPLIED BY THE AUTHORITY.

(c) The liability of the State of Maryland and of the Authority in providing equity participation financing shall be limited to its investments under the Program.

(d) When applying to the Authority to acquire an existing business, an enterprise shall have the following minimum qualifications:

(1) The enterprise or its principals shall have a minimum net worth of at least \$75,000 pledged as security; and

(2) The enterprise or its principals shall have HAD 3 or more years of successful experience with demonstrated achievements and management responsibilities.

(e) When being acquired, the existing business shall meet the following minimum qualifications:

(1) The existing business shall [be] HAVE BEEN in existence for at least 5 years;

(2) The existing business shall [be] HAVE BEEN profitable for at least 2 of the previous 3 years;

(3) The existing business shall have sufficient cash flow to service the debt and ensure adequate return of the Authority's investment;

(4) The existing business shall have the capacity for growth and job creation;

(5) The existing business shall have its principal place of business in Maryland; and

(6) The existing business shall have a strong customer base.

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

May 24, 1991

The Honorable R. Clayton Mitchell, Jr.
Speaker of the House of Delegates