

HOUSE BILL 493

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1998 Regular Session  
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By: **The Speaker (Administration)**  
Introduced and read first time: February 4, 1998  
Assigned to: Environmental Matters  
Reassigned: Appropriations, February 11, 1998

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 27, 1998

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2                                   **Environment - Linked Deposit - Use in Maryland Water Quality and**  
3                                   **Drinking Water Revolving Loan Fund Program Programs**

4 FOR the purpose of authorizing the Water Quality Financing Administration to, in  
5 cooperation with the Treasurer, establish a certain Linked Deposit Program;  
6 defining certain terms; establishing an application process for linked deposit  
7 loans; requiring the Administration to make certain certifications regarding the  
8 eligibility of certain borrowers; requiring the Administration and a lender to  
9 enter into certain agreements under certain circumstances; providing that a  
10 linked deposit loan is not a debt of the State or a pledge of the credit of the State;  
11 and generally relating to the Water Quality and Drinking Water Revolving Loan  
12 Fund Program Programs and a Linked Deposit Program.

13 BY repealing and reenacting, with amendments,  
14 Article - Environment  
15 Section 9-1601, 9-1605, and 9-1605.1  
16 Annotated Code of Maryland  
17 (1996 Replacement Volume and 1997 Supplement)

18 BY repealing and reenacting, without amendments,  
19 Article - Environment  
20 Section 9-1606  
21 Annotated Code of Maryland  
22 (1996 Replacement Volume and 1997 Supplement)

23 BY adding to

1 Article - Environment  
2 Section 9-1606.1  
3 Annotated Code of Maryland  
4 (1996 Replacement Volume and 1997 Supplement)

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

7 **Article - Environment**

8 9-1601.

9 (a) Unless the context clearly requires otherwise, in this subtitle the following  
10 words have the meanings indicated.

11 (b) "Administration" means the Maryland Water Quality Financing  
12 Administration.

13 (c) "Board" means the Board of Public Works.

14 (d) "Bond" means a bond, note, or other evidence of obligation of the  
15 Administration issued under this subtitle, including a bond or revenue anticipation  
16 note, notes in the nature of commercial paper, and refunding bonds.

17 (e) "Bond resolution" means the resolution or resolutions of the Director,  
18 including the trust agreement, if any, authorizing the issuance of and providing for  
19 the terms and conditions applicable to bonds.

20 (f) "Borrower" means a local government or a person as defined in § 1-101(h)  
21 of this article who has received a loan.

22 (g) "Director" means the Director of the Administration.

23 (h) "Drinking Water Loan Fund" means the Maryland Drinking Water  
24 Revolving Loan Fund.

25 (i) "Facility" means a wastewater facility or all or a portion of a water supply  
26 system as defined in § 9-201(u) of this article.

27 (j) "Federal Safe Drinking Water Act" means Title XIV of the Public Health  
28 Service Act, P.L. 93-523, as amended, 42 U.S.C. § 300F, et seq., and the rules and  
29 regulations promulgated thereunder.

30 (k) "Federal Water Pollution Control Act" means the Water Pollution Control  
31 Act of 1972, P.L. 92-500, as amended, 33 U.S.C. § 1251, et seq., and rules and  
32 regulations promulgated thereunder.

33 (l) "Fund" means a fund established by this subtitle, including the Water  
34 Quality Fund and the Drinking Water Loan Fund.

1 (M) ~~"LENDER" MEANS A FINANCIAL INSTITUTION THAT:~~  
 2 ~~(1) IS ELIGIBLE TO MAKE COMMERCIAL LOANS;~~  
 3 ~~(2) IS A PUBLIC DEPOSITORY OF STATE FUNDS;~~  
 4 ~~(3) AGREES TO RECEIVE LINKED DEPOSITS UNDER THIS TITLE; AND~~  
 5 ~~(4) IS INSURED BY:~~  
 6 ~~(A) THE FEDERAL DEPOSIT INSURANCE CORPORATION; OR~~  
 7 ~~(H) THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION~~  
 8 HAS THE MEANING STATED IN § 9-1606.1 OF THIS SUBTITLE.

9 (N) ~~"LINKED DEPOSIT" MEANS A CERTIFICATE OF DEPOSIT PLACED BY THE~~  
 10 ~~ADMINISTRATION WITH A LENDER AT OR BELOW THE PREVAILING MARKET RATE AT~~  
 11 ~~THE TIME OF THE DEPOSIT HAS THE MEANING STATED IN § 9-1606.1 OF THIS~~  
 12 SUBTITLE.

13 (O) "LINKED DEPOSIT LOAN" HAS THE MEANING STATED IN § 9-1606.1 OF THIS  
 14 SUBTITLE.

15 ~~(P) "LINKED DEPOSIT PROGRAM" MEANS A PROGRAM ESTABLISHED BY THE~~  
 16 ~~ADMINISTRATION WHEREBY A CERTIFICATE OF DEPOSIT IS PLACED WITH A~~  
 17 ~~QUALIFYING LENDER AT OR BELOW THE PREVAILING MARKET RATE AT THE TIME OF~~  
 18 ~~THE DEPOSIT BASED ON THE AGREEMENT OF THE LENDER TO PROVIDE A LOAN TO A~~  
 19 ~~BORROWER AT A RATE BELOW THE PREVAILING MARKET RATE FOR THE PURPOSES~~  
 20 OF THIS SUBTITLE HAS THE MEANING STATED IN § 9-1606.1 OF THIS SUBTITLE.

21 [(m)] ~~(P)~~ (Q) "Local government" means a county, municipal corporation,  
 22 sanitary district, or other State or local public entity which has authority to own or  
 23 operate a facility, and includes any combination of 2 or more of the foregoing, acting  
 24 jointly to construct or operate a facility.

25 [(n)] ~~(Q)~~ (R) "Loan" means a loan from the Administration to a borrower for  
 26 the purpose of financing all or a portion of the cost of a wastewater facility, if the loan  
 27 is from the Water Quality Fund, or water supply system, if the loan is from the  
 28 Drinking Water Loan Fund.

29 [(o)] ~~(R)~~ (S) "Loan agreement" means a written agreement between the  
 30 Administration and a borrower with respect to a loan.

31 [(p)] ~~(S)~~ (T) "Loan obligation" means a bond, note, or other evidence of  
 32 obligation, including a mortgage, deed of trust, lien, or other security instrument,  
 33 issued or executed by a borrower to evidence its indebtedness under a loan agreement  
 34 with respect to a loan.

35 [(q)] ~~(T)~~ (U) "Wastewater facility" means any equipment, plant, treatment  
 36 works, structure, machinery, apparatus, interest in land, or any combination of these,

1 which is acquired, used, constructed, or operated for the storage, collection,  
 2 treatment, neutralization, stabilization, reduction, recycling, reclamation, separation,  
 3 or disposal of wastewater, or for the final disposal of residues resulting from the  
 4 treatment of wastewater, including: treatment or disposal plants; outfall sewers,  
 5 interceptor sewers, and collector sewers; pumping and ventilating stations, facilities,  
 6 and works; programs and projects for controlling nonpoint sources of water pollution  
 7 and for estuarine conservation and management; and other real or personal property  
 8 and appurtenances incident to their development, use, or operation.

9 [(r)] ~~(R)~~ (V) "Water Quality Fund" means the Maryland Water Quality  
 10 Revolving Loan Fund.

11 [(s)] ~~(S)~~ (W) "Water supply system" has the meaning stated in § 9-201(u) of  
 12 this title.

13 9-1605.

14 (a) (1) There is a Maryland Water Quality Revolving Loan Fund. The Water  
 15 Quality Fund shall be maintained and administered by the Administration in  
 16 accordance with the provisions of this subtitle and such rules or program directives as  
 17 the Secretary or the Board may from time to time prescribe.

18 (2) The Water Quality Fund is a special, continuing, nonlapsing fund  
 19 which is not subject to § 7-302 of the State Finance and Procurement Article and  
 20 which shall be available in perpetuity for the purpose of providing financial  
 21 assistance in accordance with the provisions of this subtitle and Title VI of the  
 22 Federal Water Pollution Control Act.

23 (3) Subject to the provisions of any applicable bond resolution regarding  
 24 the holding or application of amounts in the Water Quality Fund, the Treasurer shall  
 25 separately hold, and the Comptroller shall account for, the Water Quality Fund.

26 (4) (I) ~~Subject~~ EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
 27 PARAGRAPH, AND SUBJECT to the provisions of any applicable bond resolution  
 28 governing the investment of amounts in the Water Quality Fund, the Water Quality  
 29 Fund shall be invested and reinvested in the same manner as other State funds;  
 30 ~~EXCEPT THAT,~~

31 (II) THE ADMINISTRATION, IN COOPERATION WITH THE  
 32 TREASURER, MAY ESTABLISH A LINKED DEPOSIT PROGRAM TO CARRY OUT THE  
 33 PURPOSES OF THIS SUBTITLE AND TITLE VI OF THE FEDERAL WATER POLLUTION  
 34 CONTROL ACT.

35 (5) Any investment earnings shall be retained to the credit of the Water  
 36 Quality Fund.

37 (6) The Water Quality Fund shall be subject to biennial audit by the  
 38 Office of Legislative Audits as provided for in § 2-1220 of the State Government  
 39 Article.

1 (b) There shall be deposited in the Water Quality Fund:

2 (1) Federal capitalization grants and awards or other federal assistance  
3 received by the State pursuant to Title VI of the Federal Water Pollution Control Act  
4 and any funds transferred to the Water Quality Fund pursuant to § 302 of the federal  
5 Safe Drinking Water Act;

6 (2) Funds appropriated by the General Assembly for deposit to the Water  
7 Quality Fund;

8 (3) Payments received from any borrower in repayment of a loan,  
9 including amounts withheld by the State Comptroller and paid to the Administration  
10 pursuant to a pledge made by a borrower under § 9-1606(d) of this article or § 7-222  
11 of the State Finance and Procurement Article;

12 (4) Net proceeds of bonds issued by the Administration;

13 (5) Interest or other income earned on the investment of moneys in the  
14 Water Quality Fund; and

15 (6) Any additional moneys made available from any sources, public or  
16 private, for the purposes for which the Water Quality Fund has been established.

17 (c) The Administration may from time to time establish accounts and  
18 subaccounts within the Water Quality Fund as may be deemed desirable to effectuate  
19 the purposes of this subtitle, to comply with the provisions of any bond resolution, or  
20 to meet any requirement of the Federal Water Pollution Control Act or rules or  
21 program directives established by the Secretary or the Board. Such accounts and  
22 subaccounts may include:

23 (1) A federal receipts account;

24 (2) A State receipts account;

25 (3) A management and administration expense account;

26 (4) A bond proceeds account;

27 (5) An account to segregate a portion or portions of the revenues or  
28 corpus of the Water Quality Fund as security for bonds of the Administration;

29 (6) A loan repayment account; and

30 (7) An investment earnings account.

31 (d) Amounts in the Water Quality Fund may be used only:

32 (1) To make loans, on the condition that:

33 (i) The loans are made at or below market interest rates, including  
34 interest free loans, at terms not to exceed 20 years;

1 (ii) Annual principal and interest payments will commence not  
2 later than 1 year after completion of any wastewater facility and all loans will be fully  
3 amortized not later than 20 years after project completion;

4 (iii) The local government borrower will establish a dedicated source  
5 of revenue for repayment of loans;

6 (iv) In the case of a wastewater facility owned by a borrower other  
7 than a local government, the borrower will provide adequate security for repayment  
8 of loans; and

9 (v) The Water Quality Fund will be credited with all payments of  
10 principal and interest on all loans;

11 (2) To buy or refinance debt obligations of local governments at or below  
12 market rates, if such debt obligations were incurred after March 7, 1985;

13 (3) To guarantee, or purchase insurance for, bonds, notes, or other  
14 evidences of obligation issued by a local government for the purpose of financing all or  
15 a portion of the cost of a wastewater facility, if such action would improve credit  
16 market access or reduce interest rates;

17 (4) As a source of revenue or security for the payment of principal and  
18 interest on bonds issued by the Administration if the proceeds of the sale of such  
19 bonds will be deposited in the Water Quality Fund;

20 (5) To earn interest on Water Quality Fund accounts;

21 (6) TO ESTABLISH A LINKED DEPOSIT PROGRAM TO CONTROL PROMOTE  
22 LOANS FOR CONTROLLING NONPOINT SOURCES OF POLLUTION AND TO PROTECT  
23 PROTECTING THE QUALITY OF THE WATERS OF THE STATE;

24 [(6)] (7) For the reasonable costs of administering the Water Quality  
25 Fund and conducting activities under Title VI of the Federal Water Pollution Control  
26 Act; and

27 [(7)] (8) For any other purpose authorized by Title VI of the Federal  
28 Water Pollution Control Act or § 302 of the federal Safe Drinking Water Act.

29 (e) The costs of administering the Water Quality Fund shall be paid from  
30 federal capitalization grants and awards, from bond sale proceeds, and from amounts  
31 received from borrowers pursuant to loan agreements, and not from any State  
32 moneys appropriated to the Fund, except general funds of the State used to match  
33 federal capitalization grants and awards to the Water Quality Fund.

34 9-1605.1.

35 (a) (1) There is a Maryland Drinking Water Revolving Loan Fund. The  
36 Drinking Water Loan Fund shall be maintained and administered by the

1 Administration in accordance with the provisions of this subtitle and such rules or  
2 program directives as the Secretary or the Board may from time to time prescribe.

3 (2) The Drinking Water Loan Fund is a special, continuing, nonlapsing  
4 fund which is not subject to § 7-302 of the State Finance and Procurement Article and  
5 which shall be available in perpetuity for the purpose of providing financial  
6 assistance in accordance with the provisions of this subtitle and the federal Safe  
7 Drinking Water Act.

8 (3) Subject to the provisions of any applicable bond resolution regarding  
9 the holding or application of amounts in the Drinking Water Loan Fund, the  
10 Treasurer shall separately hold, and the Comptroller shall account for, the Drinking  
11 Water Loan Fund.

12 (4) (I) ~~Subject~~ EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
13 PARAGRAPH, AND SUBJECT to the provisions of any applicable bond resolution  
14 governing the investment of amounts in the Drinking Water Loan Fund, the Drinking  
15 Water Loan Fund shall be invested and reinvested in the same manner as other State  
16 funds, ~~EXCEPT THAT~~.

17 (II) THE ADMINISTRATION, IN COOPERATION WITH THE  
18 TREASURER, MAY ESTABLISH A LINKED DEPOSIT PROGRAM TO CARRY OUT THE  
19 PURPOSES OF THIS SUBTITLE AND THE FEDERAL SAFE DRINKING WATER ACT.

20 (5) Any investment earnings shall be retained to the credit of the  
21 Drinking Water Loan Fund.

22 (6) The Drinking Water Loan Fund shall be subject to biennial audit by  
23 the Office of Legislative Audits as provided for in § 2-1220 of the State Government  
24 Article.

25 (7) The Administration shall operate the Drinking Water Loan Fund in  
26 accordance with § 9-1616 through § 9-1621, inclusive, of this article.

27 (b) There shall be deposited in the Drinking Water Loan Fund:

28 (1) Federal grants and awards or other federal assistance received by the  
29 State for the purpose of making loans to borrowers for water supply systems and any  
30 funds transferred from the Water Quality Fund pursuant to § 302 of the federal Safe  
31 Drinking Water Act;

32 (2) Funds appropriated by the General Assembly for deposit to the  
33 Drinking Water Loan Fund;

34 (3) Payments received from borrowers for deposit to the Drinking Water  
35 Loan Fund in repayment of a loan, including amounts withheld by the State  
36 Comptroller and paid to the Administration pursuant to a pledge made by a borrower  
37 under § 9-1606(d) of this article or § 7-222 of the State Finance and Procurement  
38 Article;

1 (4) Net proceeds of bonds issued by the Administration;

2 (5) Interest or other income earned on the investment of moneys in the  
3 Drinking Water Loan Fund; and

4 (6) Any additional moneys made available from any sources, public or  
5 private, for the purposes for which the Drinking Water Loan Fund has been  
6 established.

7 (c) The Administration may from time to time establish accounts and  
8 subaccounts within the Drinking Water Loan Fund as may be deemed desirable to  
9 effectuate the purposes of this subtitle, to comply with the provisions of any bond  
10 resolution, to meet the requirements of any federal law, or of any federal grant or  
11 award to the Drinking Water Loan Fund, or to meet any rules or program directives  
12 established by the Secretary or the Board.

13 (d) Amounts in the Drinking Water Loan Fund may be used only:

14 (1) To make loans at or below market rates on the condition that:

15 (i) The local government borrower will establish a dedicated source  
16 of revenue;

17 (ii) In the case of a water supply system owned by a borrower other  
18 than a local government, the borrower shall provide adequate security for the  
19 repayment of the loan;

20 (iii) The Drinking Water Loan Fund will be credited with all  
21 payments of principal and interest on all loans; and

22 (iv) Annual principal and interest payments will commence not  
23 later than 1 year after completion of any drinking water facility and, except as  
24 provided in § 130 of the federal Safe Drinking Water Act, all loans will be fully  
25 amortized not later than 20 years after project completion;

26 (2) To buy or refinance debt obligations of local governments issued by a  
27 local government for the purposes of financing all or a portion of the cost of a water  
28 supply system at or below market rates, if such debt obligations were incurred after  
29 July 1, 1993;

30 (3) To guarantee or purchase insurance for bonds, notes, or other  
31 evidences of indebtedness issued by a local government for the purposes of financing  
32 all or a portion of the cost of a water supply system, if such action would improve  
33 credit market access or reduce interest rates;

34 (4) As a source of revenue or security for the payment of principal and  
35 interest on bonds issued by the Administration if the proceeds of the sale of such  
36 bonds will be deposited in the Drinking Water Loan Fund;

37 (5) To earn interest on Drinking Water Loan Fund accounts;



1 (6) For the reasonable costs of administering the Drinking Water Loan  
2 Fund and conducting activities under any federal law that may apply to federal  
3 deposits to the Drinking Water Loan Fund;

4 (7) TO ESTABLISH A LINKED DEPOSIT PROGRAM FOR LOANS IN  
5 ACCORDANCE WITH THIS SUBTITLE AND THE FEDERAL SAFE DRINKING WATER ACT;

6 [(7)] (8) For loan subsidies for disadvantaged communities as provided  
7 by the federal Safe Drinking Water Act, including but not limited to loan forgiveness,  
8 provided that such loan subsidies shall not exceed 30% of the annual federal  
9 capitalization grant received by the Administration; and

10 [(8)] (9) For any other purpose authorized for any federal funds  
11 deposited in the Drinking Water Loan Fund including, without limitation, any  
12 purpose authorized by the federal Safe Drinking Water Act, including source water  
13 protection expenditures eligible for assistance from the Drinking Water Loan Fund.

14 (e) The costs of administering the Drinking Water Loan Fund shall be paid  
15 from federal grants and awards, from bond sale proceeds, and from amounts received  
16 from borrowers pursuant to loan agreements, and may not be paid from any State  
17 moneys appropriated to the Drinking Water Loan Fund, except general funds of the  
18 State used to match federal grants and awards to the Drinking Water Loan Fund.

19 9-1606.

20 (a) A loan made by the Administration shall be evidenced by a loan agreement.  
21 Loans made from the Water Quality Fund shall be subject to the provisions of §  
22 9-1605(d)(1) of this article. Loans made from the Drinking Water Loan Fund shall be  
23 subject to the provisions of § 9-1605.1(d)(1) of this subtitle. Subject to the provisions  
24 of any applicable bond resolution, the Administration may consent to the  
25 modification, with respect to rate of interest, time of payment of any installment of  
26 principal or interest, security, or any other term of any loan agreement or loan  
27 obligation. In connection with any security received by or owned by the  
28 Administration, including any loan obligations, the Administration may commence  
29 any action to protect or enforce the rights conferred upon it by any law or loan  
30 agreement or loan obligation.

31 (b) Notwithstanding any other provision of public general or public local law,  
32 charter, or ordinance, a borrower may issue and sell loan obligations to the  
33 Administration:

34 (1) At private sale, without public bidding;

35 (2) Without regard to any limitations on the denomination of such  
36 obligations; and

37 (3) At any interest rate or cost or at any price that the borrower  
38 considers necessary or desirable.

1 (c) A borrower may pay any fees or charges necessary to enable the  
2 Administration to sell its bonds, including any fees for the insurance of its loan  
3 obligations or bonds of the Administration, or to provide any other guarantee, credit  
4 enhancement, or additional security for any such loan obligations or bonds.

5 (d) Notwithstanding any other provision of public general or public local law,  
6 charter, or ordinance, a borrower may agree with the Administration to pledge any  
7 moneys that the borrower is entitled to receive from the State, including the  
8 borrower's share of the State income tax, to secure its obligations under a loan  
9 agreement. The State Comptroller and the State Treasurer shall cause any moneys  
10 withheld under such a pledge to be paid to, or applied at the direction of, the  
11 Administration.

12 (e) Each loan agreement shall contain a provision whereby the borrower  
13 acknowledges and agrees that the borrower's loan obligation is cancelable only upon  
14 repayment in full and that neither the Administration, the Secretary, nor the Board is  
15 authorized to forgive the repayment of all or any portion of the loan, except for loans  
16 to disadvantaged communities, pursuant to the federal Safe Drinking Water Act.

17 (f) In the event of a default on a loan obligation by a borrower other than a  
18 local government, the Administration may place a lien against property of the  
19 borrower securing the loan which, subject to the tax liens of the federal, State, and  
20 local governments, shall have the same priority and status as a lien of the State for  
21 unpaid taxes under §§ 14-804 and 14-805 of the Tax - Property Article. The  
22 Administration may exercise the same rights and powers in enforcing such lien and  
23 collecting funds for the payment of amounts in default under the loan obligation as  
24 the State may exercise in collecting unpaid taxes under Subtitle 8 of the Tax -  
25 Property Article.

26 9-1606.1.

27 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
28 INDICATED.

29 (2) "LENDER" MEANS A FINANCIAL INSTITUTION THAT:

30 (I) IS ELIGIBLE TO MAKE COMMERCIAL LOANS;

31 (II) IS A PUBLIC DEPOSITORY OF STATE FUNDS;

32 (III) AGREES TO RECEIVE LINKED DEPOSITS UNDER THIS SUBTITLE;

33 AND

34 (IV) IS INSURED BY THE FEDERAL DEPOSIT INSURANCE  
35 CORPORATION.

36 (3) "LINKED DEPOSIT" MEANS A DEPOSIT THAT IS PLACED BY THE  
37 ADMINISTRATION WITH A LENDER AND EARNS INCOME BELOW THE PREVAILING  
38 MARKET RATE FOR EQUIVALENT DEPOSITS MADE WITH THE LENDER AT THE TIME  
39 OF THE DEPOSIT.

1           (4)     "LINKED DEPOSIT LOAN" MEANS A LOAN FROM A LENDER TO A  
2 BORROWER THAT:

3                   (I)     IS USED FOR THE PURPOSES OF § 9-1605(D)(6) OR § 9-1605.1(D)(7)  
4 OF THIS SUBTITLE; AND

5                   (II)    IS PROVIDED AT AN INTEREST RATE BELOW THE PREVAILING  
6 MARKET RATE TO THE SAME EXTENT INCOME EARNED ON THE LINKED DEPOSIT IS  
7 BELOW INCOME PAID ON EQUIVALENT DEPOSITS.

8           (5)     "LINKED DEPOSIT PROGRAM" MEANS A PROGRAM ESTABLISHED BY  
9 THE ADMINISTRATION WHEREBY A LINKED DEPOSIT IS PLACED WITH A LENDER  
10 BASED ON THE AGREEMENT OF THE LENDER TO PROVIDE A LINKED DEPOSIT LOAN  
11 TO A BORROWER.

12    (B)    (1)     A BORROWER DESIRING TO ACQUIRE A LINKED DEPOSIT LOAN  
13 SHALL APPLY TO A LENDER.

14           (2)     THE ADMINISTRATION SHALL CERTIFY TO A LENDER THAT A  
15 BORROWER IS ELIGIBLE FOR A LINKED DEPOSIT LOAN CONSISTENT WITH §  
16 9-1605(D)(6) OR § 9-1605.1(D)(7) OF THIS SUBTITLE.

17    (C)    UPON APPROVAL OF A LINKED DEPOSIT LOAN BY THE LENDER, THE  
18 ADMINISTRATION AND LENDER SHALL ENTER INTO AN AGREEMENT UNDER WHICH  
19 THE AMOUNT AND TERM OF, AND SCHEDULE FOR PAYMENT OF PRINCIPAL AND  
20 INTEREST ON, THE LINKED DEPOSIT SHALL BE DETERMINED.

21    (D)    ON RECEIVING A LINKED DEPOSIT FROM THE ADMINISTRATION, THE  
22 LENDER SHALL EXECUTE A LOAN COMMITMENT WITH THE BORROWER.

23    (E)    A LINKED DEPOSIT LOAN IS NOT A DEBT OF THE STATE OR A PLEDGE OF  
24 THE CREDIT OF THE STATE.

25    SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
26 effect October 1, 1998.