

SENATE BILL 177

Unofficial Copy
M3

1998 Regular Session
(8lr6192)

ENROLLED BILL
-- Budget and Taxation/Appropriations --

Introduced by **The President (Administration) and Senators Fry, Middleton, Ruben, and Van Hollen**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

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

1 Annotated Code of Maryland
2 (1996 Replacement Volume and 1997 Supplement)

3 BY repealing and reenacting, without amendments,
4 Article - Environment
5 Section 9-1606
6 Annotated Code of Maryland
7 (1996 Replacement Volume and 1997 Supplement)

8 BY adding to
9 Article - Environment
10 Section 9-1606.1
11 Annotated Code of Maryland
12 (1996 Replacement Volume and 1997 Supplement)

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

15 **Article - Environment**

16 9-1601.

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

19 (b) "Administration" means the Maryland Water Quality Financing
20 Administration.

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

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

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

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

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

31 (h) "Drinking Water Loan Fund" means the Maryland Drinking Water
32 Revolving Loan Fund.

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

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

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

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

9 (M) ~~"LENDER" MEANS A FINANCIAL INSTITUTION THAT:~~

10 ~~(1) IS ELIGIBLE TO MAKE COMMERCIAL LOANS;~~

11 ~~(2) IS A PUBLIC DEPOSITORY OF STATE FUNDS;~~

12 ~~(3) AGREES TO RECEIVE LINKED DEPOSITS UNDER THIS TITLE; AND~~

13 ~~(4) IS INSURED BY:~~

14 ~~(I) THE FEDERAL DEPOSIT INSURANCE CORPORATION; OR~~

15 ~~(II) THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION~~

16 HAS THE MEANING STATED IN § 9-1606.1 OF THIS SUBTITLE.

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

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

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

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

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

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

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

7 [(q)] ~~(T)~~ (U) "Wastewater facility" means any equipment, plant, treatment
8 works, structure, machinery, apparatus, interest in land, or any combination of these,
9 which is acquired, used, constructed, or operated for the storage, collection,
10 treatment, neutralization, stabilization, reduction, recycling, reclamation, separation,
11 or disposal of wastewater, or for the final disposal of residues resulting from the
12 treatment of wastewater, including: treatment or disposal plants; outfall sewers,
13 interceptor sewers, and collector sewers; pumping and ventilating stations, facilities,
14 and works; programs and projects for controlling nonpoint sources of water pollution
15 and for estuarine conservation and management; and other real or personal property
16 and appurtenances incident to their development, use, or operation.

17 [(r)] ~~(U)~~ (V) "Water Quality Fund" means the Maryland Water Quality
18 Revolving Loan Fund.

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

21 9-1605.

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

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

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

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

39 (II) THE ADMINISTRATION, IN COOPERATION WITH THE
40 TREASURER, MAY ESTABLISH A LINKED DEPOSIT PROGRAM TO CARRY OUT THE

1 PURPOSES OF THIS SUBTITLE AND TITLE VI OF THE FEDERAL WATER POLLUTION
2 CONTROL ACT.

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

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

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

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

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

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

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

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

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

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

30 (1) A federal receipts account;

31 (2) A State receipts account;

32 (3) A management and administration expense account;

33 (4) A bond proceeds account;

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

1 (6) A loan repayment account; and

2 (7) An investment earnings account.

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

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

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

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

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

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

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

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

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

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

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

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

30 [(6)] (7) For the reasonable costs of administering the Water Quality
31 Fund and conducting activities under Title VI of the Federal Water Pollution Control
32 Act; and

33 [(7)] (8) For any other purpose authorized by Title VI of the Federal
34 Water Pollution Control Act or § 302 of the federal Safe Drinking Water Act.

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

6 9-1605.1.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (i) The local government borrower will establish a dedicated source
23 of revenue;

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

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

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

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

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

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

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

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

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

14 [(7)] (8) For loan subsidies for disadvantaged communities as provided
15 by the federal Safe Drinking Water Act, including but not limited to loan forgiveness,
16 provided that such loan subsidies shall not exceed 30% of the annual federal
17 capitalization grant received by the Administration; and

18 [(8)] (9) For any other purpose authorized for any federal funds
19 deposited in the Drinking Water Loan Fund including, without limitation, any
20 purpose authorized by the federal Safe Drinking Water Act, including source water
21 protection expenditures eligible for assistance from the Drinking Water Loan Fund.

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

27 9-1606.

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

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

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

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

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

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

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

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

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

34 9-1606.1.

35 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 36 INDICATED.

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

38 (I) IS ELIGIBLE TO MAKE COMMERCIAL LOANS;

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

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

3 AND

4 (IV) IS INSURED BY THE FEDERAL DEPOSIT INSURANCE

5 CORPORATION.

6 (3) "LINKED DEPOSIT" MEANS A DEPOSIT THAT IS PLACED BY THE
7 ADMINISTRATION WITH A LENDER AND EARNS INCOME BELOW THE PREVAILING
8 MARKET RATE FOR EQUIVALENT DEPOSITS MADE WITH THE LENDER AT THE TIME
9 OF THE DEPOSIT.

10 (4) "LINKED DEPOSIT LOAN" MEANS A LOAN FROM A LENDER TO A
11 BORROWER THAT:

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

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

17 (5) "LINKED DEPOSIT PROGRAM" MEANS A PROGRAM ESTABLISHED BY
18 THE ADMINISTRATION WHEREBY A LINKED DEPOSIT IS PLACED WITH A LENDER
19 BASED ON THE AGREEMENT OF THE LENDER TO PROVIDE A LINKED DEPOSIT LOAN
20 TO A BORROWER.

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

23 (2) THE ADMINISTRATION SHALL CERTIFY TO A LENDER THAT A
24 BORROWER IS ELIGIBLE FOR A LINKED DEPOSIT LOAN CONSISTENT WITH §
25 9-1605(D)(6) OR § 9-1605.1(D)(7) OF THIS SUBTITLE.

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

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

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

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