

SENATE BILL 262

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M3

2002 Regular Session
(2r1472)

ENROLLED BILL

-- Budget and Taxation/Environmental Matters --

Introduced by **Senators Stoltzfus and Frosh**

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 **Maryland Water Quality Financing Administration - Loans - Lenders**

3 FOR the purpose of altering a certain ~~definition~~ definitions to allow an institution of
4 the Farm Credit System organized under the Farm Credit Act of 1971 to
5 participate in the Linked Deposit Program; ~~requiring the Maryland Water~~
6 ~~Quality Financing Administration to transfer funds to the lender upon~~
7 ~~completion of the loan agreement in accordance with certain requirements~~
8 ~~depending on the type of lender;~~ and generally relating to Maryland Water
9 Quality Financing Administration loans.

10 BY repealing and reenacting, with amendments,
11 Article - Environment
12 Section 9-1606.1
13 Annotated Code of Maryland
14 (1996 Replacement Volume and 2001 Supplement)

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

3 **Article - Environment**

4 9-1606.1.

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

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

7 (i) Is eligible to make commercial loans;

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

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

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

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

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

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

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

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

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

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

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

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

1 (c) ~~(1)~~ Upon approval of a linked deposit loan by the lender, the
2 Administration and lender shall enter into an agreement under which the amount
3 and term of, and schedule for payment of principal and interest on, the linked deposit
4 shall be determined.

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

8 ~~(1) IF THE LENDER IS A STATE DEPOSITORY, THE ADMINISTRATION~~
9 ~~SHALL DEPOSIT THE FUNDS IN A COLLATERALIZED CERTIFICATE OF DEPOSIT IN THE~~
10 ~~NAME OF THE STATE; OR~~

11 ~~(II) IF THE LENDER IS AN INSTITUTION OF THE FARM CREDIT~~
12 ~~SYSTEM, THE FUNDS SHALL BE INVESTED IN BONDS, NOTES, DEBENTURES, OR~~
13 ~~OTHER OBLIGATIONS OR SECURITIES ISSUED BY THE FARM CREDIT BANK.~~

14 (d) On receiving a linked deposit from the Administration, the lender shall
15 execute a loan commitment with the borrower.

16 (e) A linked deposit loan is not a debt of the State or a pledge of the credit of
17 the State.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2002.