

HOUSE BILL 66

C8

0lr0033

(PRE-FILED)

By: **Chair, Environmental Matters Committee (By Request – Departmental – Housing and Community Development)**

Requested: September 24, 2009

Introduced and read first time: January 13, 2010

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Housing and Community Development – Neighborhood**
3 **Business Development Program – Microenterprise Loans**

4 FOR the purpose of authorizing certain entities to administer a Microenterprise Loan
5 Program under certain standards adopted by the Department of Housing and
6 Community Development under certain circumstances; authorizing the
7 Department to establish certain standards by regulation; exempting
8 microenterprise projects from certain financial funding requirements;
9 authorizing the Department to help train certain employees; authorizing the
10 Department to charge and collect certain fees in a certain manner; and
11 generally relating to the Neighborhood Business Development Program and the
12 Microenterprise Loan Program in the Department of Housing and Community
13 Development.

14 BY repealing and reenacting, without amendments,
15 Article – Housing and Community Development
16 Section 6–301(a) and (e)
17 Annotated Code of Maryland
18 (2006 Volume and 2009 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Housing and Community Development
21 Section 6–306
22 Annotated Code of Maryland
23 (2006 Volume and 2009 Supplement)

24 BY adding to
25 Article – Housing and Community Development
26 Section 6–308.1

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2006 Volume and 2009 Supplement)

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

5 **Article – Housing and Community Development**

6 6–301.

7 (a) In this subtitle the following words have the meanings indicated.

8 (e) “Microenterprise” means a business with not more than five employees
9 that:

10 (1) requires not more than \$35,000 in total start–up capital; and

11 (2) does not have access to the traditional commercial banking sector.

12 6–306.

13 (a) (1) A small business, nonprofit organization, or microenterprise may
14 apply for financial assistance under the Business Development Program.

15 (2) The Department shall review each application.

16 (b) An applicant may qualify for financial assistance for a project in a
17 designated neighborhood if the application demonstrates that:

18 (1) **EXCEPT FOR A MICROENTERPRISE PROJECT**, the project has
19 significant commitments for financing from other private and nonstate public sources
20 that are sufficient to complete the project with the money from the Fund;

21 (2) the financial assistance from the Fund is the minimum amount
22 necessary to make the project financially feasible;

23 (3) the project is ready to proceed when it receives financial assistance
24 from the Business Development Program; and

25 (4) the political subdivision has adopted a resolution, or its authorized
26 designee has delivered a letter to the Business Development Program, that expresses
27 support for the project.

28 (c) Financial assistance under the Business Development Program may be
29 provided to a small business, nonprofit organization, or microenterprise as:

30 (1) a grant;

- 1 (2) a loan;
- 2 (3) a reduction in the principal obligation of or interest rate on a loan
3 or portion of a loan;
- 4 (4) a prepayment of interest on a subordinate or superior loan or
5 portion of a loan;
- 6 (5) an assurance;
- 7 (6) a guarantee; or
- 8 (7) any other form of credit enhancement.

9 **6-308.1.**

10 **(A) IF THE DEPARTMENT DETERMINES THAT AN ENTITY IS CAPABLE OF**
11 **ADMINISTERING A MICROENTERPRISE LOAN PROGRAM, THE ENTITY MAY**
12 **ORIGINATE AND ADMINISTER LOANS TO MICROENTERPRISES IN ACCORDANCE**
13 **WITH STANDARDS THE DEPARTMENT ADOPTS BY REGULATION.**

14 **(B) (1) BY REGULATION, THE DEPARTMENT SHALL ESTABLISH**
15 **STANDARDS FOR DETERMINING THE ELIGIBILITY OF AN ENTITY TO ADMINISTER**
16 **A MICROENTERPRISE LOAN PROGRAM.**

17 **(2) THE STANDARDS SHALL INCLUDE PROVISIONS ON:**

18 **(I) THE SIZE, TRAINING, AND EXPERIENCE OF THE**
19 **PROFESSIONAL STAFF THAT WOULD ADMINISTER THE PROGRAM; AND**

20 **(II) THE CAPABILITY OF THE PROFESSIONAL STAFF TO:**

21 **1. DETERMINE FINANCIAL CAPACITY OF A**
22 **BORROWER;**

23 **2. ORIGINATE A LOAN; AND**

24 **3. EVALUATE APPLICATIONS FOR PROGRAM LOANS.**

25 **(C) THE DEPARTMENT MAY:**

26 **(1) HELP TRAIN EMPLOYEES OF AN APPROVED ENTITY TO**
27 **ADMINISTER A MICROENTERPRISE LOAN PROGRAM IN ACCORDANCE WITH**
28 **STANDARDS THAT THE DEPARTMENT ADOPTS; AND**

1 **(2) CHARGE AND COLLECT FROM THE BORROWER:**

2 **(I) REASONABLE ORIGINATION, APPLICATION, AND**
3 **PROCESSING FEES; AND**

4 **(II) OTHER CHARGES, FEES, OR REIMBURSEMENTS**
5 **INCIDENTAL TO MICROENTERPRISE LOANS;**

6 **(3) INCLUDE THE FEES AND CHARGES LISTED IN ITEM (2) OF THIS**
7 **SUBSECTION IN THE LOAN AMOUNT; AND**

8 **(4) PAY THE APPROVED ENTITY A REASONABLE ORIGINATION,**
9 **APPLICATION, AND PROCESSING FEE FOR EACH LOAN IT ORIGINATES TO A**
10 **MICROENTERPRISE.**

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 October 1, 2010.