

A basic prerequisite for MIDFA participation is that new jobs and new taxes be created for Maryland in the process. In its evaluation the Authority must place considerable weight on the relative economic impact of each project for which loan approval or insurance is sought. This contribution together with the credit worthiness of the company and the collateral value of the land, building, and equipment being financed form the major basis for approval or disapproval by the Authority.

MIDFA may insure all, part, or none of first mortgage loans on land and buildings up to 90 percent of their total cost with maturities of up to twenty-five years. MIDFA may also insure all, part, or none of the first mortgage loans on machinery and equipment up to 70 percent of total cost, with maturities of up to fifteen years or maximum useful life, whichever is less. In either case up to 100 percent financing is available.

Mortgage loans insured by MIDFA are limited in principal amount to \$5,000,000 per project. MIDFA's total insurance exposure for all loans may not exceed an amount equal to five times the reserve fund.

MIDFA insured mortgage loans may be made for new, expanded, acquired, or rehabilitated property in the following seven business categories: manufacturing; warehousing of manufactured goods; research and development facilities; office buildings for company headquarters or regional office use; certain tourist or convention facilities; mercantile or service businesses that primarily serve out-of-state markets; and certain improvements related to port operations. MIDFA may participate only in loans for fixed asset financing. It may not approve loans for working capital or refinancing purposes.

A business may obtain a MIDFA insured loan in one of two ways. First, it may request local government participation in MIDFA financing whereby the county or municipality purchases the property, obtains a tax-exempt mortgage loan from a lender, and then leases the property to the business, using the lease as additional collateral for the mortgage loan. Using this method, the tenant may acquire the facility for nominal consideration when the loan is paid off. Second, a business may arrange a mortgage loan directly with a lender at prevailing commercial loan rates. In either case, the county or municipality has no direct responsibility for repayment of the loan. With local government participation, tax exempt interest rates are passed on to the industrial prospect through reduced rentals under the lease since rental payments are geared to principal and interest obligations of the loan.

By the end of Fiscal Year 1978, MIDFA had approved eighty-two loans totalling \$69,000,000. Seventy-five loans are currently outstanding totalling \$54,500,000, with an insurance exposure of \$28,000,000 (Code 1957, Art. 41, secs. 266J-CC).

MARYLAND COMMISSION FOR LATIN AMERICAN AFFAIRS

Chairperson: Roland H. del Mar

Executive Assistant: Mrs. Leo Weintraub

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The Governor appointed this Commission in 1968 at the request of the General Assembly to initiate and coordinate programs designed to foster, improve, increase, and encourage trade, tourism, and cultural exchanges between the free countries of Central and South America and the State of Maryland (Res. No. 21, Acts of 1968). The Commission consists of representatives of business, labor, education, tourism, and the public at large. The Commission is to report to the Governor and General Assembly from time to time.

DEVELOPMENT CREDIT CORPORATION OF MARYLAND

OFFICERS

Chairperson of the Board: William A. Beasman, Jr.

President and Chief Executive Officer: W. G. Brooks Thomas

Treasurer: R. Kenneth Rous

Secretary: Donald R. Wenderoth

1301 First National Bank Building
Baltimore 21202 Telephone: 685-6454

The General Assembly authorized the establishment of the Development Credit Corporation of Maryland by Chapter 822, Acts of 1959, to stimulate business and industry in the State of Maryland by making loans available to small businesses that would not qualify for loans from conventional institutions such as banks or insurance companies.

The Corporation consists of two classes of participants: members and stockholders. Only financial institutions—those institutions whose activities include lending or investing money—may