

**STATE OF MARYLAND**

**OFFICE OF THE STATE TREASURER**

**Louis L. Goldstein Treasury Building  
80 Calvert Street, Room 109  
Annapolis, Maryland 21401**

**REQUEST FOR EXPRESSIONS OF INTEREST**

**FOR**

**LINKED DEPOSIT PROGRAM SERVICES**

**EOI # LD-10082010**

**Due Date: November 10, 2010**

**NOTICE:** Prospective offerors (the “Offerors”) who received this document from [www.eMarylandMarketplace.com](http://www.eMarylandMarketplace.com), or from a source other than the Issuing Office, should immediately contact the Procurement Officer and provide their name and mailing address in order that amendments to this Request for Expressions of Interest (“Request” or “solicitation”) or other communications can be sent to them. Any prospective Offeror who fails to notify the Issuing Office with this information assumes complete responsibility in the event that they do not receive the solicitation from the Issuing Office prior to the closing date.

**Issued: October 8, 2010**

# STATE OF MARYLAND

## NOTICE TO VENDORS/CONTRACTORS

In order to help us improve the quality of State proposals and solicitations, and to make our procurement process more responsive and business friendly, we ask that you take a few minutes to provide comments and suggestions regarding the enclosed solicitation. Please return your comments with your response. If you have chosen not to respond to this solicitation, please fax this completed form to: 410-974-3530 to the attention of Anne Jewell.

**EOI #LD-10082010**

**Title: Request for Expressions of Interest for Linked Deposit Program Services**

1. If you have responded with a "no bid", please indicate the reason(s) below:

- Other commitments preclude our participation at this time.
- We currently provide similar services.
- The subject of the solicitation is not something we ordinarily provide.
- We are inexperienced in the services required.
- Specifications are unclear, too restrictive, etc. (Explain in REMARKS section.)
- The scope of work is beyond our present capacity.
- Loan reporting requirements too onerous.
- Doing business with Maryland government is simply too complicated. (Explain in REMARKS section.)
- Current interest rate environment not favorable for these services.
- Other: \_\_\_\_\_

2. If you have submitted a response, but wish to offer suggestions or express concerns, please use the REMARKS section below. (Use reverse or attach additional pages as needed.)

REMARKS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Vendor Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Contact Person: \_\_\_\_\_ Phone: (\_\_\_\_) \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

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# **REQUEST FOR EXPRESSIONS OF INTEREST LINKED DEPOSIT PROGRAM SERVICES**

## **SECTION I. PROCUREMENT OBJECTIVE**

### **1.01 Summary Statement**

The Maryland State Treasurer's Office (the "STO") invites expressions of interest ("EOIs") from financial institutions to participate in the Linked Deposit Program Services for Maryland Department of Housing and Community Development ("DHCD"). The Linked Deposit Program is intended to stimulate opportunities for Maryland-certified minority business enterprises by encouraging financial institutions to provide these businesses with discounted interest rate loans. The discounted interest rate will be offset by the purchase by the State of Maryland (the "State") of matching or "linked" interest bearing deposits with a rate of return that is lower than current market rates. The State's Linked Deposit Program is modeled after similar, successful programs in other states that have proven effective in expanding opportunities for certified minority business enterprises. The amount of interest bearing deposits that the Treasurer may purchase for the Linked Deposit Program is limited by law to \$50 million at present.

### **1.02 Issuing Office**

Maryland State Treasurer's Office  
Louis L. Goldstein Treasury Building  
80 Calvert Street, Room 109  
Annapolis, Maryland 21401

Procurement Officer: Anne Jewell  
Phone: (410) 260-7903  
E-mail: [procurement@treasurer.state.md.us](mailto:procurement@treasurer.state.md.us)

### **1.03 Questions and Inquiries**

All questions and inquiries related to this Request for Expressions of Interest (the "Request") should be directed to the Procurement Officer identified in Section I., 1.02 above. Questions must be submitted in writing by mail or via email and received by the Issuing Office no later than 11:00 a.m. Eastern Time on Friday, October 22, 2010. Oral questions will not be permitted. If the questions or inquiries pertain to a specific section of the Request, the page and section number(s) must be referenced.

### **1.04 Submission Deadline**

To be considered for participation in the Linked Deposit Program, a financial institution must submit their response to this Request by providing a written original and 3 copies (total of 4) to the Issuing Office on or before 4:00 p.m. Eastern Time on Wednesday, November 10, 2010.

**1.05 Bid/Proposal Affidavit**

Submission of a Linked Deposit Program Services Response Form (Appendix A) by a financial institution must be accompanied by a completed Bid/Proposal Affidavit. A copy of this Affidavit is included as Appendix B to this Request.

**1.06 Contract Affidavit**

All financial institutions are advised that if a contract is awarded as a result of this solicitation, the successful financial institution will be required to complete a Contract Affidavit. A copy of the Contract Affidavit is included for informational purposes as Appendix C to this Request. The Contract Affidavit need not be submitted with a financial institution's EOI form.

## **SECTION II. STATE TREASURER'S OFFICE SCOPE OF SERVICES**

### **2.01 Background**

The Linked Deposit Program (the "Program"), established under §6-211 of the State Finance and Procurement Article, Annotated Code of Maryland (Exhibit 1), and COMAR 05.13.05 (Exhibit 2), is intended to stimulate opportunities for State-certified minority business enterprises ("CMBEs") by encouraging financial institutions to provide these businesses with loans with an interest rate at least 2% below market rates. The STO is seeking eligible financial institutions that wish to participate in the Program, to be designated as depositories for money of the State for the Program, and to receive interest bearing deposits from the STO to enable a financial institution to make a below-market-rate Program loan (the "Loan") to a CMBE. The STO intends to make interest bearing deposits equal to the amount of the Loans outstanding made by the financial institution with a rate of return that is 2% below current market rates to offset the lower rate provided by the financial institution to the CMBE; provided, however, that the aggregate amount of all interest bearing deposits is limited by law, with the current limit equal to \$50 million.

- A. The Program is operated by DHCD and the STO. The STO's role is to: (1) designate and approve eligible financial institutions as depositories for State money; and (2) make interest bearing deposits at those financial institutions that make eligible Loans to a CMBE.
- B. DHCD's role, as further described in Exhibit 2 hereto, is to: (1) establish Program guidelines and regulations; (2) accept applications from CMBEs who choose to apply through DHCD for financing and from financial institutions enrolled in the program; (3) confirm that prospective borrowers named in the applications are CMBEs; (4) forward applications from CMBEs who choose to apply for financing through DHCD to the applicable financial institution(s) enrolled in the Program; (5) enroll Loans under the Program; and (6) provide notice to the STO that Loans have been enrolled; and (7) to provide email notification to participating banks when the aggregate outstanding program loans linked to interest bearing deposits reach \$25 million, \$40 million, \$45 million, and \$50 million.

### **2.02 Mandatory Requirements**

A financial institution must meet the mandatory requirements listed below in order to be eligible to participate in the Linked Deposit Program. Please indicate your ability and intent to comply with the following requirements:

- 1. The financial institution must be a "financial institution" as defined in Section 6-201(e) of the State Finance and Procurement Article, Annotated Code of Maryland (Exhibit 3).
- 2. The financial institution must have Maryland branch presence and be registered to do business in the State.

3. The financial institution must have a LACE rating, or a similar financial strength rating from a nationally recognized statistical rating organization such as LACE Financial of Frederick, Maryland, of at least a "C" and shall maintain that rating for the term of the Contract for Linked Deposit Program Services between a financial institution and the borrower (the "Contract"). Should the financial institution's rating drop below "C", the Maryland State Treasurer (the "Treasurer"), at her discretion, may dismiss the financial institution, require additional collateral of the financial institution, or take other actions as she deems necessary under the circumstances to protect the interests of the State.

**2.03 Interest Bearing Deposits. Subject to the specific provisions of the Deposit Agreement and any other agreements between the financial institution and the STO, the following procedures shall apply:**

1. Within 10 business days after the STO's receipt of written notification from DHCD of an enrolled Loan from a financial institution, the STO will contact the financial institution and make the requisite interest bearing deposits at the financial institution for each Loan, provided the statutory program limit as stated in §6-211 of the State Finance and Procurement Article, Annotated Code of Maryland (Exhibit 1), has not been reached. The deposit will not be made until the Deposit Agreement (attached at Appendix G) between the financial institution and the STO is signed.
2. At the end of each quarter during the term of each Loan, the financial institution shall adjust the balance of the interest bearing deposits to equal the outstanding Loan balance as of the last day of the previous quarter rounded up to the nearest dollar. If a borrower is decertified as a minority business enterprise for any reason, the STO shall reduce the amount of the interest bearing deposits by the amount of the outstanding principal balance for that borrower; **provided, however**, if after its Loan closing, a previously certified minority business entity is decertified due to revenue or employee growth, it will not be considered decertified for purposes of this Program, and the STO will continue to provide interest bearing deposits relating to that borrower's previously approved Loan.
3. In making interest bearing deposits under this subsection, the Treasurer may accept a rate that is 2 percentage points below current market rates or an index selected by the Treasurer. The index currently used to set the interest rate for the interest bearing deposits is the 5 Year U.S. Government Constant Maturity Treasury Rate (the "Constant Maturity Rate") in effect on the Loan closing date, as recorded on the Federal Reserve Form H.15 website (<http://www.federalreserve.gov/releases/h15/update>, less two percent (2%) to offset the two percent (2%) reduction granted to the CMBE on its Loan, provided that the interest rate for the State on the interest bearing deposits shall never be less than one quarter of one percent (.25%). In the event that the Constant Maturity Rate, less the two percent (2%) Linked Deposit reduction, results in an interest bearing deposit rate of less than one quarter of one percent (.25%) to be paid to the State, the Treasurer shall designate another index to be used to set the interest rate for the interest bearing deposits, to the end that the interest rate paid to the State shall not be less than one quarter of one percent (.25%).

4. During the term of a Loan, the interest rate on the interest bearing deposits will remain constant as long as the interest rate on the Loan remains constant. If the interest rate of the Loan changes, the financial institution shall notify the STO of such change within 5 business days after such change, and the interest rate on the interest bearing deposits will adjust proportionately.
5. The financial institution shall make all required transfers and payments related to the interest bearing deposits to the STO electronically in accordance with the wire instructions set forth in Attachment #1 to the Contract.
6. The financial institution shall transfer all accrued interest on the interest bearing deposits to the STO within one business day after the end of each calendar quarter.
7. The financial institution shall transfer the quarterly return of the principal paydown of the Loans to the STO within one business day after the end of each calendar quarter. The financial institution shall (a) reduce the amount of the interest bearing deposits by an amount equal to the reduction in the principal balance of the Loan in the preceding quarter, and (b) transfer such reduction in the amount of the interest bearing deposits to the STO.
8. In the event the Loan is prepaid in full or otherwise terminated prior to the maturity of the Loan, within five (5) business days after the date of prepayment or other termination, the financial institution shall transfer to the STO the amount of all remaining principal in the linked interest bearing deposits together with all accrued interest.
9. At the end of the original Loan term, even if such date is before any of the maturity, prepayment or other termination of the Loan, within five (5) business days after such date, the financial institution shall transfer to the STO the balance of the linked interest bearing deposits together with any accrued interest.
10. The financial institution shall not charge an early withdrawal penalty on any withdrawal, payment or other transfer to the STO of any or all funds in the interest bearing deposits, except for the early withdrawal penalty of seven (7) days' simple interest that is required to be imposed on a withdrawal of funds within six days of the date of deposit of funds or within six days of the most recent partial withdrawal of funds, in accordance with Regulation D (Reserve Requirements of Depository Institutions, 17 C.F.R. §230.501 *et seq.*).
11. Except as provided in Section 10 above, the financial institution shall not charge the STO any fees or penalties whatsoever in relation to the interest bearing deposits.
12. Neither the STO, nor DHCD, nor the State is liable to the financial institution for payment of principal of or interest on the Loan.

13. Collateralization of Interest Bearing Deposits

Each financial institution that accepts interest bearing deposits from the State must deposit the collateral required in §6-209 of the State Finance and Procurement Article, Annotated Code of Maryland. (Exhibit 5) in the name of the Maryland State Treasurer either (a) with the Federal Reserve Bank (preferably Richmond or Boston), or (b) at the discretion of the Treasurer, with an independent financial institution acceptable to the Treasurer. With regard to the interest bearing deposits, each financial institution shall comply with all requirements of State law relating to deposits of State money including, without limitation, Sections 6-201 through 6-212 of the State Finance and Procurement Article of the Annotated Code of Maryland as amended from time to time.

14. Applicable Law. The Contract, Deposit Agreement and any other agreements between the financial institution and the STO shall be governed, construed and interpreted in accordance with the laws of the State.

**2.04 Reporting and Data Transmission**

1. Each financial institution must be able to provide to the STO for each calendar month, by the tenth of the subsequent month, reports on interest bearing deposit balances and collateral. This information must be reported on the attached form titled, "Pledged Collateral Report" (Exhibit 6). The STO prefers to receive this report electronically in Microsoft Excel software format.
2. On the first business day of each quarter, each financial institution shall submit to the STO and DHCD an official report in a format prescribed by the STO stating the balance of all approved Loans outstanding as of the last day of the preceding month. This information must be reported on the attached form titled, "Loans Outstanding Report" (Exhibit 7). It is preferred that this report be forwarded to the STO and DHCD electronically in Microsoft Excel software format.
3. On the first business day of each quarter, each financial institution shall submit to the STO an official report in a format prescribed by the STO stating the balance of all approved Loans outstanding as of the last day of the preceding month, so that the interest bearing deposit Balance may be adjusted in accordance with the terms of the applicable Deposit Agreements between the STO and the financial institution. Furthermore, the report shall include interest earned by interest bearing deposit for the quarter. Funds will be transferred by wire to previously designated accounts. This information must be reported on the attached form titled, "Quarterly Interest Bearing Deposit Earned Report" (Exhibit 8). It is preferred that this report be forwarded to the STO electronically in Microsoft Excel software format.

4. The standard methods of communication used by STO currently include hard copy reports or electronic files sent as an e-mail attachment or on diskette. Future methods of communication could include, but are not limited to, secure FTP or alternative Internet access. It is the financial institution's responsibility to remain compatible with STO's communication methods, which may change from time to time throughout the term of the Contract.

**SECTION III. DEPARTMENT OF HOUSING AND COMMUNITY  
DEVELOPMENT SCOPE OF SERVICES**

**3.01 Description of Lending Services to Certified Minority Business Enterprises**

1. Lending Standards: A participating financial institution shall offer Loans to CMBEs that meet the financial institution's lending criteria and have interest rates at least 2% below market rates consistent with standard industry practice, applicable laws, and the Linked Deposit Program, established under §6-211 of the State Finance and Procurement Article, Annotated Code of Maryland, (Exhibit 1), and COMAR 05.13.05, (Exhibit 2), and further, certify to these standards (Exhibit 9) attached to this Request and incorporated herein.
2. Loan Limits: The maximum aggregate amount of a Loan or Loans to a particular CMBE shall not exceed \$1,000,000 under the Program. The term of a Loan may not exceed 10 years.
3. Program Limits: The maximum aggregate program loans outstanding linked to certificates of deposit is limited by law, with the current limit equal to \$50 million.
4. Loan Fees: The financial institution may not charge more than 1% of the Loan amount in fees and points that are payable to the financial institution.
5. Electronic Applications: A participating financial institution shall be able to accept Loan applications in an electronic format. This electronic format may include Word or PDF file sent via e-mail, or may include a secure FTP or alternative Internet transmission. If encryption software is necessary to ensure protection of sensitive data, the financial institution will be required to obtain such software at its own cost.

The applications accepted by DHCD and forwarded to the financial institution will include only the CMBE's name, address and contact information; CMBE's type of business entity; CMBE's business industry and product or service; and a description of the purpose of the requested Loan, the location of the project or activity for which the Loan proceeds will be used and the amount of the requested Loan. The financial institution will be responsible for obtaining from the CMBE additional application materials that satisfy the financial institution's standard loan application requirements.

**3.02 Reporting and Data Transmissions**

For each Loan application forwarded to a financial institution by DHCD, the financial institution shall report to DHCD within 45 days of receipt of an application the status of the application. This report shall include: whether the financial institution was contacted by the Loan applicant; made or attempted to make direct contact with the Loan applicant; whether the Loan applicant fulfilled the financial institution's Loan application requirements; and whether the completed application was approved or denied.

For Loan applications that are approved, a financial institution shall provide to DHCD a copy of the financial institution's written underwriting analysis and conclusion and the commitment letter provided to the Loan applicant. The financial institution shall further report whether the Loan applicant accepts or declines the approved Loan offered to the Loan applicant.

Upon the closing of each approved Loan under the Program, the financial institution shall provide DHCD with copies of each Loan's complete documentation. The financial institution shall certify to DHCD on forms approved by DHCD that the Loan will meet the requirements of COMAR 05.13.05.03. (*See Exhibit 2*).

On the first business day of each quarter, each financial institution shall submit to the STO and DHCD an official report in a format prescribed by the STO stating the balance of all approved Loans outstanding as of the last day of the preceding month. This information must be reported on the attached form titled, "Loans Outstanding Report" (Exhibit 7). The format, medium, delivery method, and timing for all required reports and data transmissions will be at the discretion of DHCD. DHCD, within its sole discretion and with appropriate notice, may change the form, substance, medium, and/or timing of any existing reports and data transmissions or may require new reports or data that it deems appropriate.

The standard methods used by DHCD currently include hardcopy reports or electronic files sent as an e-mail attachment or on diskette. Future methods of communication could include, but are not limited to, secure FTP or alternative Internet access. It is the financial institution's responsibility to remain compatible with DHCD's communication methods, which may change from time-to-time, throughout the term of the Contract.

### **3.03 Privacy of Applicant's Information**

The financial institution shall comply with all State and Federal laws regarding an applicant's privacy and proprietary information. The financial institution shall keep all personal information and proprietary information of any applicant confidential and shall not provide this information to any non-affiliated third party. Subject to the Maryland Public Information Act and any other applicable laws, all confidential information and documentation relating to an applicant shall be held in absolute confidence by the financial institution.

The financial institution shall, however, be permitted to disclose relevant confidential information to its officers, agents, and employees to the extent that such disclosure is necessary for the performance of their duties.

## SECTION IV. EXPRESSION OF INTEREST FORMAT

### 4.01 Transmittal Letter

A brief transmittal letter prepared on the financial institution's business stationery should accompany the original and required copies of its EOI. The letter must be signed by an individual authorized to bind the selected financial institution to all statements.

### 4.02 Expression of Interest – Format

Any financial institution submitting an EOI in response to this Request, shall address the subsections below:

#### 1. General Information

- A. Name of financial institution;
- B. Mailing address of the financial institution from which the Expression of Interest is being submitted;
- C. Name of individual who will represent the financial institution;
- D. Telephone number and telefax number.

#### 2. Offeror's Qualifications

Complete the attached Appendix A and submit along with any additional information relevant to your ability to provide the services desired.

#### 3. Affidavit

Complete the attached Bid/Proposal Affidavit (Appendix B) and submit with your EOI.

## SECTION V. EVALUATION AND SELECTION

### 5.01 Qualifications

The STO may make such reasonable investigations as deemed proper and necessary to determine the ability of any financial institution to meet the requirements of this Request. By submitting a response to this Request, the financial institution shall be deemed to have agreed to provide to the STO all such information for this purpose as reasonably may be requested. The STO reserves the right to reject any EOI submitted by any financial institution that fails to satisfy the STO that such financial institution is qualified to meet the requirements of this Request.

### 5.02 Qualification Conditions

1. The financial institution must meet the mandatory requirements listed in Section II., State Treasurer's Office Scope of Services, 2.02., Mandatory Requirements, and agree to and demonstrate the ability to perform the Scope of Services in 2.03, State Depositories/interest bearing deposits
2. The financial institution must agree to and demonstrate the ability to perform the Scope of Services in Section III, Department of Housing and Community Development Scope of Services.

### 5.03 Term

The initial term of the Linked Deposit Program under this Request shall be for a period of one-year beginning November 15, 2010 through October 31, 2011. The Contract shall also contain an option to renew, upon the same terms and conditions, for two additional one-year terms, exercisable at the sole discretion of the STO.

**APPENDIX A**

**LINKED DEPOSIT PROGRAM SERVICES RESPONSE FORM**

A financial institution must comply with all the requirements listed below in order to be eligible to participate in the Linked Deposit Program. Please indicate your ability and intent to comply with the following requirements by indicating with a “yes” if you do meet the requirement or “no” if you do not meet the requirement. You may also supply brief supporting statements if necessary:

<b>STO - Mandatory Requirements</b>	<b>Indicate Compliance</b>
1. The financial institution must be a “financial institution” as defined in Section 6-201(e) of the State Finance and Procurement Article, Annotated Code of Maryland (Exhibit 3).	
2. The financial institution must have Maryland branch presence and be registered to do business in the State.	
3. The financial institution must have a LACE rating, or a similar financial strength rating from a nationally recognized statistical rating organization such as LACE Financial of Frederick, Maryland, of at least a "C" and shall maintain that rating for the term of the Contract for Linked Deposit Program Services between a financial institution and the borrower (the “Contract”). Should the financial institution's rating drop below "C", the Maryland State Treasurer (the “Treasurer”), at her discretion, may dismiss the financial institution, require additional collateral of the financial institution, or take other actions as she deems necessary under the circumstances to protect the interests of the State	
<b>Interest Bearing Deposits</b>	
4. Within 10 business days after the STO’s receipt of written notification from DHCD of an enrolled Loan from a financial institution, the STO will contact the financial institution and make the requisite interest bearing deposits at the financial institution for each Loan, provided the statutory program limit as stated in §6-211 of the State Finance and Procurement Article, Annotated Code of Maryland (Exhibit 1), has not been reached has not been reached. The deposit will not be made until the Deposit Agreement (attached at Appendix G) between the financial institution and the STO is signed.	

<p>5. During the term of a Loan, the interest rate on the interest bearing deposits will remain constant as long as the interest rate on the Loan remains constant. If the interest rate of the Loan changes, the financial institution shall notify the STO of such change within 5 business days after such change, and the interest rate on the interest bearing deposits will adjust proportionately.</p>	
<p>6. The financial institution shall make all required transfers and payments related to the interest bearing deposits to the STO electronically in accordance with the wire instructions set forth in Attachment #1 to the Contract.</p>	
<p>7. The financial institution shall transfer all accrued interest on the interest bearing deposits to the STO within one business day after the end of each calendar quarter.</p>	
<p>8. The financial institution shall transfer the quarterly return of the principal paydown of the Loans to the STO within one business day after the end of each calendar quarter. The financial institution shall (a) reduce the amount of the interest bearing deposits by an amount equal to the reduction in the principal balance of the Loan in the preceding quarter, and (b) transfer such reduction in the amount of the interest bearing deposits to the STO.</p>	
<p>9. In the event the Loan is prepaid in full or otherwise terminated prior to the maturity of the Loan, within five (5) business days after the date of prepayment or other termination, the financial institution shall transfer to the STO the amount of all remaining principal in the linked interest bearing deposit together with all accrued interest.</p>	
<p>10. At the end of the original Loan term, even if such date is before any of the maturity, prepayment or other termination of the Loan, within five (5) business days after such date, the financial institution shall transfer to the STO the balance of the linked interest bearing deposit together with any accrued interest.</p>	
<p>11. The financial institution shall not charge an early withdrawal penalty on any withdrawal, payment or other transfer to the STO of any or all funds in the interest bearing deposits, except for the early withdrawal penalty of seven (7) days' simple interest that is required to be imposed on a withdrawal of funds within six days of the date of deposit of funds or within six days of the most recent partial withdrawal of funds, in accordance with Regulation D (Reserve Requirements of Depository Institutions, 17 C.F.R. §230.501 <i>et seq.</i>).</p>	

<p>12. Except as provided in number 11. above, the financial institution shall not charge the STO any fees or penalties whatsoever in relation to the interest bearing deposits.</p>	
<p>13. Neither the STO, nor DHCD, nor the State is liable to the financial institution for payment of principal of or interest on the Loan.</p>	
<p>14. <u>Collateralization of Interest Bearing Deposits.</u> Each financial institution that accepts interest bearing deposits from the State must deposit the collateral required in §6-209 of the State Finance and Procurement Article, Annotated Code of Maryland. (Exhibit 5) in the name of the Maryland State Treasurer either (a) with the Federal Reserve Bank (preferably Richmond or Boston), or (b) at the discretion of the Treasurer, with an independent financial institution acceptable to the Treasurer. With regard to the interest bearing deposits, each financial institution shall comply with all requirements of State law relating to deposits of State money including, without limitation, Sections 6-201 through 6-212 of the State Finance and Procurement Article of the Annotated Code of Maryland as amended from time to time.</p>	
<p>15. <u>Applicable Law.</u> The Contract, Deposit Agreement and any other agreements between the financial institution and the STO shall be governed, construed and interpreted in accordance with the laws of the State.</p>	
<p style="text-align: center;"><b>STO – Reporting and Data Transmission</b></p>	
<p>16. Each financial institution must be able to provide to the STO for each calendar month, by the tenth of the subsequent month, reports on interest bearing deposit balances and collateral. This information must be reported on the attached form titled, “Pledged Collateral Report” (Exhibit 6). The STO prefers to receive this report electronically in Microsoft Excel software format.</p>	
<p>17. On the first business day of each quarter, each financial institution shall submit to the STO and DHCD an official report in a format prescribed by the STO stating the balance of all approved Loans outstanding as of the last day of the preceding month. This information must be reported on the attached form titled, “Loans Outstanding Report” (Exhibit 7). It is preferred that this report be forwarded to the STO and DHCD electronically in Microsoft Excel software format.</p>	
<p>18. On the first business day of each quarter, each financial institution shall submit to the STO an official report in a format prescribed by the STO stating the balance of all</p>	

<p>approved Loans outstanding as of the last day of the preceding month, so that the interest bearing deposit Balance may be adjusted in accordance with the terms of the applicable Deposit Agreements between the STO and the financial institution. Furthermore, the report shall include interest earned by the interest bearing deposits for the quarter. Funds will be transferred by wire to previously designated accounts. This information must be reported on the attached form titled, “Quarterly interest bearing deposits Earned Report” (Exhibit 8). It is preferred that this report be forwarded to the STO electronically in Microsoft Excel software format</p>	
<p>19. The standard methods of communication used by STO currently include hard copy reports or electronic files sent as an e-mail attachment or on diskette. Future methods of communication could include, but are not limited to, secure FTP or alternative Internet access. It is the financial institution’s responsibility to remain compatible with STO’s communication methods, which may change from time to time throughout the term of the Contract.</p>	
<p><b>DHCD – REQUIREMENTS</b></p>	
<p>1. The applications accepted by DHCD and forwarded to the financial institution will include only the CMBE’s name, address and contact information; CMBE’s type of business entity; CMBE’s business industry and product or service; and a description of the purpose of the requested Loan, the location of the project or activity for which the Loan proceeds will be used and the amount of the requested Loan. The financial institution will be responsible for obtaining from the CMBE additional application materials that satisfy the financial institution’s standard loan application requirements.</p>	
<p>2. The financial institution shall comply with all State and Federal laws regarding an applicant’s privacy and proprietary information. The financial institution shall keep all personal information and proprietary information of any applicant confidential and shall not provide this information to any non-affiliated third party. Subject to the Maryland Public Information Act and any other applicable laws, all confidential information and documentation relating to an applicant shall be held in absolute confidence by the financial institution.</p>	

<b>DHCD – Reporting and Data Transmission</b>	
<p>3. For each loan application forwarded to the financial institution by DHCD, the financial institution shall report to DHCD within 45 days of receipt of an application the status of the application. This report shall include: whether the financial institution was contacted by the loan applicant; made or attempted to make direct contact with the loan applicant; whether the loan applicant fulfilled the financial institution’s loan application requirements; and whether the completed application was approved or denied.</p>	
<p>4. For loan applications that are approved, the financial institution shall provide to DHCD a copy of the financial institution’s written underwriting analysis and conclusion and the commitment letter provided to the loan applicant. The financial institution shall further report whether the loan applicant accepts or declines the approved loan offered to applicant.</p>	
<p>5. Upon the closing of each approved loan under the Program, the financial institution shall provide DHCD with copies of each loan’s complete documentation. The financial institution shall certify to DHCD on forms approved by DHCD that the loan will meet the requirements of COMAR 05.13.05.03. (<i>See Exhibit 2</i>).</p>	
<p>6. On the first business day of each quarter, each financial institution shall submit to the STO and DHCD an official report in a format prescribed by the STO stating the balance of all approved Loans outstanding as of the last day of the preceding month. This information must be reported on the attached form titled, “Loans Outstanding Report” (Exhibit 7). The format, medium, delivery method, and timing for all required reports and data transmissions will be at the discretion of DHCD. DHCD, within its sole discretion and with appropriate notice, may change the form, substance, medium, and/or timing of any existing reports and data transmissions or may require new reports or data that it deems appropriate.</p>	
<p>7. The standard methods used by DHCD currently include hardcopy reports or electronic files sent as an e-mail attachment or on diskette. Future methods of communication could include, but are not limited to, secure FTP or alternative Internet access. It is the financial institution’s responsibility to remain compatible with DHCD’s communication methods, which may change from time-to-time, throughout the term of the Contract.</p>	

**Agreement With Terms and Conditions of Linked Deposit Program**

By submitting a response to this Request, the financial institution shall be deemed to have agreed to the program description and structure as outlined in this Request.

In compliance with the Request and with all terms and conditions set forth therein, the undersigned represents that he/she has full authority to submit Appendix A, above and to bind his/her principal to the obligations contemplated thereunder.

\_\_\_\_\_  
Signature of Authorized Official

\_\_\_\_\_  
Name and Title of Authorized Official

\_\_\_\_\_  
Financial Institution

\_\_\_\_\_  
Date

## APPENDIX B

### BID/PROPOSAL AFFIDAVIT

#### A. AUTHORIZED REPRESENTATIVE

I HEREBY AFFIRM THAT:

I am the (title) \_\_\_\_\_ and the duly authorized representative of (business) \_\_\_\_\_ and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

#### B. CERTIFICATION REGARDING COMMERCIAL NONDISCRIMINATION

The undersigned bidder hereby certifies and agrees that the following information is correct: In preparing its bid on this project, the bidder has considered all proposals submitted from qualified, potential subcontractors and suppliers, and has not engaged in "discrimination" as defined in §19-103 of the State Finance and Procurement Article of the Annotated Code of Maryland. "Discrimination" means any disadvantage, difference, distinction, or preference in the solicitation, selection, hiring, or commercial treatment of a vendor, subcontractor, or commercial customer on the basis of race, color, religion, ancestry, or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or any otherwise unlawful use of characteristics regarding the vendor's, supplier's, or commercial customer's employees or owners. "Discrimination" also includes retaliating against any person or other entity for reporting any incident of "discrimination". Without limiting any other provision of the solicitation on this project, it is understood that, if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid. As part of its bid or proposal, the bidder herewith submits a list of all instances within the past 4 years where there has been a final adjudicated determination in a legal or administrative proceeding in the State of Maryland that the bidder discriminated against subcontractors, vendors, suppliers, or commercial customers, and a description of the status or resolution of that determination, including any remedial action taken. Bidder agrees to comply in all respects with the State's Commercial Nondiscrimination Policy as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland.

##### B-1. Certification Regarding Minority Business Enterprises.

The undersigned bidder hereby certifies and agrees that it has fully complied with the State Minority Business Enterprise Law, State Finance and Procurement Article, §14-308(a)(2), Annotated Code of Maryland, which provides that, except as otherwise provided by law, a contractor may not identify a certified minority business enterprise in a bid or proposal and:

- (1) Fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified minority proposal;
- (2) Fail to notify the certified minority business enterprise before execution of the contract of its inclusion in the bid or proposal;
- (3) Fail to use the certified minority business enterprise in the performance of the contract; or
- (4) Pay the certified minority business enterprise solely for the use of its name in the bid or proposal.

Without limiting any other provision of the solicitation on this project, it is understood that if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid.

C. AFFIRMATION REGARDING BRIBERY CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies has been convicted of, or has had probation before judgment imposed pursuant to Criminal Procedure Article, §6-220, Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows (indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business):

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D. AFFIRMATION REGARDING OTHER CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies, has:

(1) Been convicted under state or federal statute of:

(a) A criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract; or

(b) Fraud, embezzlement, theft, forgery, falsification or destruction of records or receiving stolen property;

(2) Been convicted of any criminal violation of a state or federal antitrust statute;

(3) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §1961 et seq., or the Mail Fraud Act, 18 U.S.C. §1341 et seq., for acts in connection with the submission of bids or proposals for a public or private contract;

(4) Been convicted of a violation of the State Minority Business Enterprise Law, §14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(5) Been convicted of a violation of §11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(6) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsections (1)—(5) above;

(7) Been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract;

(8) Been found in a final adjudicated decision to have violated the Commercial Nondiscrimination Policy under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland with regard to a public or private contract; or

(9) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in §§B and C and subsections D(1)—(8) above, except as follows (indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

#### E. AFFIRMATION REGARDING DEBARMENT

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities, including obtaining or performing contracts with public bodies, has ever been suspended or debarred (including being issued a limited denial of participation) by any public entity, except as follows (list each debarment or suspension providing the dates of the suspension or debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds of the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds of the debarment or suspension).

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

#### F. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES

I FURTHER AFFIRM THAT:

(1) The business was not established and it does not operate in a manner designed to evade the application of or defeat the purpose of debarment pursuant to Sections 16-101, et seq., of the State Finance and Procurement Article of the Annotated Code of Maryland; and

(2) The business is not a successor, assignee, subsidiary, or affiliate of a suspended or debarred business, except as follows (you must indicate the reasons why the affirmations cannot be given without qualification):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

#### G. SUB-CONTRACT AFFIRMATION

##### I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, has knowingly entered into a contract with a public body under which a person debarred or suspended under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction.

#### H. AFFIRMATION REGARDING COLLUSION

##### I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business has:

- (1) Agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the accompanying bid or offer that is being submitted;
- (2) In any manner, directly or indirectly, entered into any agreement of any kind to fix the bid price or price proposal of the bidder or offeror or of any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the accompanying bid or offer is submitted.

#### I. FINANCIAL DISCLOSURE AFFIRMATION

##### I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, the provisions of Section 13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases, or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

#### J. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION

##### I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, Election Law Article, §§14-101—14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State of Maryland, including its agencies or a political subdivision of the State, during a calendar year in which the person receives in the aggregate \$100,000 or more shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election.

#### K. DRUG AND ALCOHOL FREE WORKPLACE

(Applicable to all contracts unless the contract is for a law enforcement agency and the agency head or the agency head's designee has determined that application of COMAR 21.11.08 and this certification would be inappropriate in connection with the law enforcement agency's undercover operations.)

I CERTIFY THAT:

- (1) Terms defined in COMAR 21.11.08 shall have the same meanings when used in this certification.
- (2) By submission of its bid or offer, the business, if other than an individual, certifies and agrees that, with respect to its employees to be employed under a contract resulting from this solicitation, the business shall:
  - (a) Maintain a workplace free of drug and alcohol abuse during the term of the contract;
  - (b) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of drugs, and the abuse of drugs or alcohol is prohibited in the business' workplace and specifying the actions that will be taken against employees for violation of these prohibitions;
  - (c) Prohibit its employees from working under the influence of drugs or alcohol;
  - (d) Not hire or assign to work on the contract anyone whom the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;
  - (e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;
  - (f) Establish drug and alcohol abuse awareness programs to inform its employees about:
    - (i) The dangers of drug and alcohol abuse in the workplace;
    - (ii) The business' policy of maintaining a drug and alcohol free workplace;
    - (iii) Any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
    - (iv) The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace;
  - (g) Provide all employees engaged in the performance of the contract with a copy of the statement required by §K(2)(b), above;
  - (h) Notify its employees in the statement required by §K(2)(b), above, that as a condition of continued employment on the contract, the employee shall:
    - (i) Abide by the terms of the statement; and
    - (ii) Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the workplace not later than 5 days after a conviction;
  - (i) Notify the procurement officer within 10 days after receiving notice under §K(2)(h)(ii), above, or otherwise receiving actual notice of a conviction;
  - (j) Within 30 days after receiving notice under §K(2)(h)(ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:
    - (i) Take appropriate personnel action against an employee, up to and including termination; or

(ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and

(k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of §K(2)(a)—(j), above.

(3) If the business is an individual, the individual shall certify and agree as set forth in §K(4), below, that the individual shall not engage in the unlawful manufacture, distribution, dispensing, possession, or use of drugs or the abuse of drugs or alcohol in the performance of the contract.

(4) I acknowledge and agree that:

(a) The award of the contract is conditional upon compliance with COMAR 21.11.08 and this certification;

(b) The violation of the provisions of COMAR 21.11.08 or this certification shall be cause to suspend payments under, or terminate the contract for default under COMAR 21.07.01.11 or 21.07.03.15, as applicable; and

(c) The violation of the provisions of COMAR 21.11.08 or this certification in connection with the contract may, in the exercise of the discretion of the Board of Public Works, result in suspension and debarment of the business under COMAR 21.08.03.

#### L. CERTIFICATION OF CORPORATION REGISTRATION AND TAX PAYMENT

I FURTHER AFFIRM THAT:

(1) The business named above is a (domestic \_\_\_ ) (foreign \_\_\_ ) corporation registered in accordance with the Corporations and Associations Article, Annotated Code of Maryland, and that it is in good standing and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation, and that the name and address of its resident agent filed with the State Department of Assessments and Taxation is:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

(If not applicable, so state).

(2) Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

#### M. CONTINGENT FEES

I FURTHER AFFIRM THAT:

The business has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the business, to solicit or secure the Contract, and that the business has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency, any fee or any other consideration contingent on the making of the Contract.

N. Repealed.

O. ACKNOWLEDGEMENT

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Procurement Officer and may be distributed to units of: (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of this bid or proposal shall be construed to supersede, amend, modify or waive, on behalf of the State of Maryland, or any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(Authorized Representative and Affiant)

**APPENDIX C**

**CONTRACT AFFIDAVIT**

**A. AUTHORIZED REPRESENTATIVE**

**I HEREBY AFFIRM THAT:**

I am the (title) \_\_\_\_\_ and the duly authorized representative of (business) \_\_\_\_\_ and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

**B. CERTIFICATION OF CORPORATION REGISTRATION AND TAX PAYMENT**

**I FURTHER AFFIRM THAT:**

(1) The business named above is a (domestic\_\_\_\_) (foreign\_\_\_\_) corporation registered in accordance with the Corporations and Associations Article, Annotated Code of Maryland, and that it is in good standing and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation, and that the name and address of its resident agent filed with the State Department of Assessments and Taxation is: Name: \_\_\_\_\_ Address: \_\_\_\_\_.

(2) Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

**C. CERTAIN AFFIRMATIONS VALID**

**I FURTHER AFFIRM THAT:**

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgements contained in that certain Bid/Proposal Affidavit dated \_\_\_\_\_, 20\_\_\_\_, and executed by me for the purpose of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(Authorized Representative and Affiant)

**APPENDIX D**

**FORM OF  
CONTRACT FOR  
LINKED DEPOSIT PROGRAM SERVICES  
BETWEEN  
MARYLAND STATE TREASURER'S OFFICE  
ACTING ON BEHALF OF THE  
DEPARTMENT OF HOUSING AND  
COMMUNITY DEVELOPMENT  
and**

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## CONTRACT FOR LINKED DEPOSIT PROGRAM SERVICES

**THIS CONTRACT FOR LINKED DEPOSIT PROGRAM SERVICES** (the "Contract") is made as of the \_\_ day of \_\_\_\_\_, 20\_\_, by and between [Name and Address] (the "Contractor"), and the **MARYLAND STATE TREASURER'S OFFICE**, 80 Calvert Street, Annapolis, Maryland 21401 (the "Office"), an office of the **STATE OF MARYLAND** (the "State"), acting on behalf of the **MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT** ("DHCD").

**IN CONSIDERATION OF** the premises and the covenants herein contained, the parties agree as follows:

### ARTICLE I - SCOPE OF SERVICES

The Office hereby engages the Contractor to perform the services set forth below:

- 1.1. **Scope of Services.** The Contractor shall provide Linked Deposit Program (the "Program") services described in this Contract which includes the following Exhibits:
  - 1.1.1. Exhibit A: The Office Request for Expressions of Interest for Linked Deposit Program Services, EOI #LD-10082010;
  - 1.1.2. Exhibit B: Contractor's Response Form dated \_\_\_\_\_;
  - 1.1.3. Exhibit C: Collateral Security Agreement;
  - 1.1.4. Exhibit D: Designation of Depository;
  - 1.1.5. Exhibit E: Deposit Agreement
  - 1.1.6. Exhibit F: Contract Affidavit
- 1.2. If there are any inconsistencies between this Contract and the Exhibits, this Contract shall control. If there is any conflict among the Exhibits, Exhibit A, shall control.
- 1.3. The Procurement Officer may, at any time, by written order, make changes in the work within the general scope of the Contract. No other order, statement or conduct of the Procurement Officer or any other person shall be treated as a change or entitle the Contractor to an equitable adjustment under this section. Except as otherwise provided in this Contract, if any change under this section causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the work, whether or not changed by the order, an equitable adjustment in the Contract price shall be made and the Contract modified in writing accordingly. The Contractor must assert in writing its right to an adjustment under this section within thirty (30) days of receipt of written change order and shall include a written statement setting forth the nature and cost of such claim. No claim by the Contractor shall be allowed if asserted after final payment under this Contract. Failure to agree to an adjustment under this section shall be a dispute under Section 3.5., Disputes. Nothing in this section shall excuse the Contractor from proceeding with the Contract as changed.

## **ARTICLE II - TERM**

- 2.1. The initial term of this Contract shall be for the period beginning November 15, 2010 and ending October 31, 2011.
- 2.2. In addition there shall be two additional one-year renewal options, which may be exercised at the sole discretion of the Office.
- 2.3. Any interest bearing deposits or replacement interest bearing deposits made by the Office from the Contractor in connection with the Program shall survive the termination of this Contract and shall continue in accordance with the terms of the Contract and the Deposit Agreement for a particular Linked Deposit loan as provided in the Deposit Agreement for the underlying Linked Deposit loan.
- 2.4. The provisions of Sections 3.1, 3.5, 3.19, 3.21, 3.23, and 3.24 of this Contract shall survive termination of this Contract for any reason.

## **ARTICLE III – GENERAL CONDITIONS**

### 3.1. Liability

The Contractor agrees to assume full responsibility for any and all damage to the property of the Office, both real and personal, which results from or arises in connection with, the performance of this Contract.

The Contractor hereby agrees to indemnify and save harmless the State against all claims, damages, costs, losses and liabilities whatsoever, for any and all injury to persons and property that may arise out of the performance of this Contract.

The Contractor agrees to maintain adequate insurance coverage in order to fulfill responsibility under this section.

### 3.2. Tax Exemption

The State is generally exempt from Federal Excise Taxes, Maryland Sales and Use Taxes, District of Columbia Sales Tax and Transportation Taxes. Exemption certificates shall be completed upon request.

### 3.3. Subcontracting; Assignment

The Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the State, nor may the Contractor sell, transfer, or otherwise assign its obligations under this Contract, or any portion thereof, or any of its rights or obligations hereunder, without the prior written approval of the State; provided, however, that the Contractor may subcontract services under or make an assignment of this Contract to an affiliate of the Contractor that is fully capable of performing such services if the Contractor retains full

responsibility for the Contract. Any such subcontract or assignment shall be subject to any terms and conditions that the Office deems necessary to protect the interest of the State. The Office shall not be responsible for the fulfillment of the Contractor's obligations to subcontractors.

### 3.4. Non-Hiring of Officials and Employees

No official or employee of the State of Maryland, as defined under State Government Article, §15-102, Annotated Code of Maryland, whose duties as such official or employee include matters relating to or affecting the subject matter of this Contract, shall during the pendency and term of this Contract and while serving as an official or employee of the State become or be an employee of the Contractor or any entity that is a subcontractor on this Contract.

### 3.5. Disputes

This Contract shall be subject to the provisions of Title 15, Subtitle 2 of the State Finance and Procurement Article of the Annotated Code of Maryland (Dispute Resolution), and COMAR 21.10 (Administrative and Civil Remedies). Pending resolution of a claim, the Contractor shall proceed diligently with the performance of the Contract in accordance with the Procurement Officer's decision.

### 3.6. Maryland Law Prevails

The provisions of this Contract shall be governed by the Laws of Maryland.

### 3.7. Amendments

This Contract, including the exhibits hereto, constitutes the entire agreement between the parties and all other communications prior to its execution, whether written or oral, with reference to the subject matter of this Contract are superseded by this Contract. Any amendment to this Contract must first be approved in writing by the Procurement Officer, subject to any additional approvals required by State law. No amendment to this Contract shall be binding unless so approved and unless it is in writing and signed by the party to be charged.

### 3.8. Nondiscrimination in Employment

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry or disability of a qualified individual with a disability; (b) to include a provision similar to that contained in subsection (a), above, in any subcontract except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

### 3.9. Commercial Nondiscrimination Clause

- 3.9.1. As a condition of entering into this Contract, Contractor represents and warrants that it will comply with the State's Commercial Nondiscrimination Policy, as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland. As part of such compliance, Contractor may not discriminate on the basis of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, disability or other unlawful forms of discrimination in the solicitation, selection, hiring, or commercial treatment of subcontractors, vendors, suppliers, or commercial customers, nor shall Contractor retaliate against any person for reporting instances of such discrimination. Contractor shall provide equal opportunity for subcontractors, vendors, and suppliers to participate in all of its public sector and private sector subcontracting and supply opportunities, provided that this clause does not prohibit or limit lawful efforts to remedy the effects of marketplace discrimination that have occurred or are occurring in the marketplace. Contractor understands that a material violation of this clause shall be considered a material breach of this Contract and may result in termination of this Contract, disqualification of Contractor from participating in State contracts, or other sanctions. This clause is not enforceable by or for the benefit of, and creates no obligation to, any third party.
- 3.9.2. As a condition of entering into this Contract, upon the Maryland Human Relations Commission's request, and only after the filing of a complaint against Contractor under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, as amended from time to time, Contractor agrees to provide within 60 days after the request a complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past 4 years on any of its contracts that were undertaken within the State of Maryland, including the total dollar amount paid by Contractor on each subcontract or supply contract. Contractor further agrees to cooperate in any investigation conducted by the State pursuant to the State's Commercial Nondiscrimination Policy as set forth under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, and to provide any documents relevant to any investigation that is requested by the State. Contractor understands that violation of this clause is a material breach of this Contract and may result in Contract termination, disqualification by the State from participating in State contracts, and other sanctions.

### 3.10. Contingent Fee Prohibition

The Contractor, architect, or engineer (as applicable) warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee or agent working for the Contractor, architect, or engineer, to solicit or secure this Contract, and that it has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee or agent, any fee or any other consideration contingent on the making of this Contract.

### 3.11. Termination for Default

If the Contractor fails to fulfill its obligation under this Contract properly and on time, or otherwise violates any provision of the Contract, the State may terminate the Contract by written notice to the Contractor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work provided by the Contractor shall, at the State's option, become the State's property. The State shall pay the Contractors fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by Contractor's breach. If the damages are more than the compensation payable to the Contractor, the Contractor will remain liable after termination and the State can affirmatively collect damages. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

### 3.12. Termination for Convenience

The performance of work under this Contract may be terminated by the State in accordance with this clause in whole, or from time to time in part, whenever the State shall determine that such termination is in the best interest of the State. The State will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination and all reasonable costs associated with termination of the Contract. However, the Contractor shall not be reimbursed for any anticipatory profits that have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12A(2).

### 3.13. Delays and Extensions of Time

The Contractor agrees to prosecute the work continuously and diligently and no charges or claims for damages shall be made by it for any delays or hindrances from any cause whatsoever during the progress of any portion of the work specified in this Contract.

Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to, acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another contractor in the performance of a Contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Contractor or the subcontractors or suppliers.

### 3.14. Variations in Estimated Quantities

No equitable adjustment shall be permitted in favor of either the State or the Contractor in the event that the quantity of any pay item in this Contract is an estimated quantity and the actual quantity of such pay item varies from the estimated quantity stated in the Contract.

### 3.15. Suspension of Work

The Procurement Officer unilaterally may order the Contractor in writing to suspend, delay, or interrupt all or any part of its performance for such period of time as the Procurement Officer may determine to be appropriate for the convenience of the State.

### 3.16. Pre-Existing Regulations

In accordance with the provisions of Section 11-206 of the State Finance and Procurement Article, Annotated Code of Maryland, the regulations set forth in Title 21 of the Code of Maryland Regulations (COMAR Title 21) in effect on the date of execution of this Contract are applicable to this Contract.

### 3.17. Financial Disclosure

The Contractor shall comply with the provisions of Section 13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which requires that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more, shall, within 30 days of the time when the aggregate value of these contracts, leases or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

### 3.18. Political Contribution Disclosure

The Contractor shall comply with the Election Law Article § 14-101 – 14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State, a county or an incorporated municipality, or their agencies, during a calendar year in which the person receives in the aggregate \$100,000 or more, shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election. The statement shall be filed with the State Board of Elections: (1) before a purchase or execution of a lease or contract by the State, a county, an incorporated municipality, or their agencies, and shall cover the preceding two calendar years; and (2) if the contribution is made after the execution of a lease or contract, then twice a year, throughout the Contract term, on: (a) February 5, to cover the 6-month period ending January 31; and (b) August 5, to cover the 6-month period ending July 31.

### 3.19. Retention of Records/Audit

The Contractor shall retain and maintain all records and documents relating to this Contract for three years after final payment by the State hereunder or any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State, including the Procurement Officer or his designee, at all reasonable times.

### 3.20. Compliance with Laws

The Contractor hereby represents and warrants that:

- 3.20.1. It is qualified to do business in the State of Maryland and that it will take such action as, from time to time, hereafter may be necessary to remain so qualified;
- 3.20.2. It is not in arrears with respect to the payment of any monies due and owing the State of Maryland, or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;
- 3.20.3. It shall comply with all federal, State and local laws, regulations and ordinances applicable to its activities and obligations under this Contract; and
- 3.20.4. It shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.

### 3.21. Liability for Loss of Data

In the event of loss of any data or records necessary for the performance of this Contract where such loss is due to the error or negligence of the Contractor, the Contractor shall be responsible, irrespective of cost to the Contractor, for recreating such lost data or records.

### 3.22. Cost and Price Certification

- 3.22.1. The Contractor by submitting cost or price information certifies that, to the best of its knowledge, the information submitted is accurate, complete, and current as a mutually determined specified date prior to the conclusion of any price discussions or negotiations for:
  - (1) A negotiated contract, if the total contract price is expected to exceed \$100,000, or a smaller amount set by the procurement officer; or
  - (2) A change order or contract modification, expected to exceed \$100,000, or a smaller amount set by the procurement officer.
- 3.22.2. The price under this Contract and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date agreed upon between the parties, was inaccurate, incomplete, or not current.

### 3.23. Ownership of Documents and Materials

The Contractor agrees that all documents and materials including, but not limited to, reports, drawings, studies, specifications, estimates, maps, photographs, designs, graphics, mechanical, artwork, and computations prepared by or for it under the terms of this Contract shall at anytime

during the performance of the services be made available to the State upon request by the State and shall become and remain the exclusive property of the State upon termination or completion of the services. The State shall have the right to use same without restriction or limitation and without compensation to the Contractor other than that provided by this Contract. The State shall be the owner for purposes of copyright, patent or trademark registration.

### 3.24. Patents, Copyrights and Trade Secrets

3.24.1. If the Contractor furnishes any design, device, material, process or other item, which is covered by a patent, or copyright or which is proprietary to or a trade secret of another, Contractor shall obtain the necessary permission or license to use such item.

3.24.2. Contractor will defend or settle, at its own expense, any claim or suit against the State alleging that any such item furnished by Contractor infringes any patent, trademark, copyright, or trade secret. Contractor also will pay all damages and costs that by final judgment may be assessed against the State due to such infringement and all attorney fees and litigation expenses reasonably incurred by the State to defend against such a claim or suit. The obligations of this paragraph are in addition to those stated in paragraph 3.24.3. below.

3.24.3. If any product(s) furnished by Contractor become, or in Contractor's opinion are likely to become, the subject of a claim of infringement, Contractor will, at its option: (1) procure for the State the right to continue using the applicable item; (2) replace the product with a non-infringing product substantially complying with the item's specifications; or (3) modify the item so it becomes non-infringing and performs in a substantially similar manner to the original item.

### 3.25. Confidentiality

Subject to the Maryland Public Information Act and any other applicable laws, all confidential or proprietary information and documentation relating to either party (including without limitation, any information or data stored within the Contractor's computer systems) shall be held in absolute confidence by the other party. Each party shall, however, be permitted to disclose relevant confidential information to its officers, agents and employees to the extent that such disclosure is necessary for the performance of their duties under this Contract, provided the data may be collected, used, disclosed, stored and disseminated only as provided by and consistent with the law and the confidentiality provisions of the Request. The provisions of this section shall not apply to information that (a) is lawfully in the public domain; (b) has been independently developed by the other party without violation of this Contract; (c) was already in the possession of such party; (d) was supplied to such party by a third party lawfully in possession thereof and legally permitted to further disclose the information; or (e) which such party is required to disclose by law.

**ARTICLE IV - NOTICES**

- 4.1. All notices required to be given by one party to the other hereunder shall be in writing and shall be addressed as follows:

If to the Office:

Procurement Officer  
Maryland State Treasurer's Office  
Louis L. Goldstein Treasury Building  
80 Calvert Street  
Annapolis, Maryland 21401

If to the Contractor:

\_\_\_\_\_  
\_\_\_\_\_

**ARTICLE V - ADMINISTRATION**

- 5.1. The work to be accomplished under this Contract shall be performed under the direction of the Contract Officer, Director of Investments. All matters relating to the administration of this Contract shall be referred to the Procurement Officer for determination.

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**ARTICLE VI - REPRESENTATIONS**

6.1. Each party to this Contract represents and warrants to the other that it has full right, power, and authority to execute this Contract.

**IN WITNESS WHEREOF**, the parties have executed this Contract as of the date hereinabove set forth.

**ATTEST:**

**[FINANCIAL INSTITUTION]**

\_\_\_\_\_

By: \_\_\_\_\_

**WITNESS:**

**MARYLAND STATE TREASURER'S OFFICE**

\_\_\_\_\_

By: \_\_\_\_\_

Nancy K. Kopp  
State Treasurer

**WITNESS:**

\_\_\_\_\_

By: \_\_\_\_\_

Bernadette T. Benik  
Chief Deputy Treasurer

Approved for form and legal sufficiency  
for the Maryland State Treasurer's Office:

\_\_\_\_\_

Counsel to the Treasurer

**APPENDIX E  
COLLATERAL SECURITY AGREEMENT**

**THIS COLLATERAL** Security Agreement (the “Agreement”) is made and entered into as of \_\_\_\_\_ by and between the Maryland State Treasurer’s Office, hereinafter called the “Depositor”, and \_\_\_\_\_, [a national banking association, organized under the laws of the United States] or [organized under the laws of Maryland] and authorized by law to do banking business in the State of Maryland, hereinafter called the “Bank.”

**Background**

The Depositor, in accordance with Maryland State law, has designated the Bank as a depository for public funds of the Depositor under the Linked Deposit Program Services Contract dated as of \_\_\_\_\_. During the term of this Agreement, the Depositor will designate the officer, or officers, who singly or jointly will be authorized to represent and act on behalf of the Depositor in any and all matters of every kind arising under this Agreement. The Depository Agreement between the Depositor and the Bank is incorporated herein for all purposes; however, to the extent that any provision therein conflicts with any provision herein, this Agreement will control. All funds on deposit with the Bank to the credit of the Depositor are required to be secured by collateral as provided in Section 6-202 of the State Finance and Procurement Article of the Annotated Code of Maryland (hereinafter referred to as the “Public Funds law”).

To perfect the security interest of the Depositor in the collateral pledged by the Bank, a Federal Reserve Bank or a third party financial institution, acceptable to the Depositor, will hold the collateral in a custody account for the benefit of the Depositor. Such Federal Reserve Bank or third party financial institution is hereafter referred to as the “Trustee.”

**NOW, THEREFORE**, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. In accordance with the terms of this Agreement, the Bank hereby pledges to the Depositor, and grants to the Depositor a security interest in, those assets owned by the Bank and held by the Trustee for the benefit of the Depositor (hereinafter, the “Collateral”), to secure the deposits held by the Bank for the Depositor as provided in the Public Funds law.
2. The total market value of the Collateral (which includes accrued interest or income to the extent it is not included in the market price) will be in an amount at least equal to such amount as is required under the Public Funds law. The market value of any security held as Collateral will be obtained from a primary dealer. The Bank will provide a monthly collateral report to the Depositor at no charge. The report includes the market value and description of each security pledged as of the last business day of the month.

3. The Bank has heretofore or will immediately hereafter deliver to the Trustee Collateral of the kind and character permitted by the Public Funds law of sufficient amount and market value to provide adequate Collateral for the funds of the deposited with the Bank. The Collateral or substitute Collateral, as hereinafter provided for, shall be kept and retained by the Trustee in trust so long as the depository relationship between the Depositor and the Bank shall exist hereunder.
4. The Bank shall cause the Trustee to accept the Collateral and hold the same in trust for the purpose herein stated.
5. Should the Bank fail at any time to pay and satisfy, when due, any check, draft, or voucher lawfully drawn against any deposit, or in case the Bank becomes insolvent or in any manner breaches its contract with the Depositor, Depositor shall give written notice of such failure, insolvency or breach to the Bank, and the Bank shall have ten days to cure such failure, insolvency or breach. In the event the Bank shall fail to cure such failure, insolvency or breach within ten days, it shall be the duty of the Trustee, upon demand of the Depositor (supported by proper evidence of any of the above-listed circumstances), to surrender the Collateral to the Depositor. The Depositor may sell all or any part of the Collateral and out of the proceeds thereof pay the Depositor all damages and losses sustained by it, together with all expenses of any and every kind incurred by it on account of such failure or insolvency, or sale, accounting to the Bank for the remainder, if any, of the proceeds or Collateral remaining unsold.
6. Any sale of the Collateral, or any part thereof, made by the Depositor hereunder may be either at public or private sale; provided, however, the Depositor shall give to the Bank ten days written notice of the time and place where such sale shall take place, and such sale shall be to the highest bidder therefor for cash. The Depositor and the Bank shall have the right to bid at such sale.
7. If the Bank shall desire to sell or otherwise dispose of any one or more of the securities so deposited with the Trustee, it may substitute for any one or more of such securities other securities of at least the same market value and of the character authorized herein. Such right of substitution shall remain in full force and may be exercised by the Bank as often as it may desire; provided, however, that the aggregate market value of all Collateral pledged hereunder, shall be at least equal to the amount of Collateral required under the Public Funds law. If at any time, the aggregate market value of such Collateral so deposited with the Trustee shall be less than the total amount required under the Public Funds law, the Bank shall, upon request of the Depositor, deposit with the Trustee such additional Collateral as may be necessary to cause the market value of such Collateral to equal the total amount of required Collateral. The Bank shall be entitled to income on securities held by the Trustee, and the Trustee may dispose of such income as directed by the Bank without approval of the Depositor.

8. The Bank shall cause the Trustee promptly to forward to the Depositor copies of safekeeping or trust receipts and/or activity reports covering all the Collateral, including substitute Collateral as provided for herein.
9. If at any time the Collateral in the hands of the Trustee shall have a market value in excess of the required amount of Collateral, the Depositor shall authorize the withdrawal of a specified amount of Collateral, and the Trustee may deliver this amount of Collateral (and no more) to the Bank, taking its receipt therefor, and the Trustee shall have no further liability for Collateral so redelivered to the Bank.
10. Either the Depositor or the Bank shall have the right to terminate this Agreement by advance written notice to the other of its election to do so, and this Agreement shall be void from and after the expiration of sixty days after the receipt of such notice, provided all provisions of this Agreement have been fulfilled.
11. When the relationship of depositor and bank shall have ceased to exist between the Depositor and the Bank, and when the Bank shall have properly paid out all deposits of the Depositor, it shall be the duty of the Depositor to give the Trustee written notice to that effect; whereupon the Trustee shall, with the approval of the Depositor, redeliver to the Bank all Collateral then in its possession belonging to the Bank, taking its receipt therefor.
12. A. Any notice required to be given to the Bank in writing shall be sufficient if delivered to the following address:

\_\_\_\_\_  
\_\_\_\_\_

The Bank may change the above address by notifying the Depositor by facsimile or by such other means as is consistent with the Bank's usual means of notification to the Depositor.

B. Any notice to be given to the Depositor shall be sufficient if delivered to the following address:

Maryland State Treasurer's Office  
Attn: Director of Banking Services  
80 Calvert Street  
Annapolis, Maryland 21401  
Tel: (410)260-7264 – Fax: (410)974-2076

And

Attn: Director of Investments  
Maryland State Treasurer's Office  
(Same address as above)  
Tel: (410)260-7129 - Fax: (410)260-6057

The Depositor may change the above address by notifying the Bank by facsimile or by such other means as is consistent with the Depositor's usual means of notification to the Bank.

13. This Agreement shall be binding upon, and shall insure to the benefit of, the parties hereto and their respective corporate successors.

14. No amendments or modification of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto.

Executed by the undersigned duly authorized officers of the parties as of the date hereinabove set forth.

**ATTEST**

**[FINANCIAL INSTITUTION]**

\_\_\_\_\_

By: \_\_\_\_\_

**WITNESS:**

**MARYLAND STATE TREASURER'S OFFICE**

\_\_\_\_\_

By: \_\_\_\_\_  
Nancy K. Kopp  
State Treasurer

**WITNESS:**

\_\_\_\_\_

By: \_\_\_\_\_  
Bernadette T. Benik  
Chief Deputy Treasurer

Approved as to form and legal sufficiency  
for the Maryland State Treasurer's Office:

\_\_\_\_\_  
Counsel to the Treasurer

**Collateral Security Agreement Form  
Rev. 3/2010**

## APPENDIX F

### DESIGNATION OF DEPOSITORY

I, THE UNDERSIGNED, TREASURER OF THE STATE OF MARYLAND, DO HEREBY CERTIFY that, by my action duly taken, the following Designation has been duly made, has not been amended or modified, is not inconsistent with the Constitution and laws of the State of Maryland (the “State”), and is now in full force and effect:

IN ACCORDANCE with Section 6-205 and 6-211 of the State Finance and Procurement Article of the Annotated Code of Maryland, \_\_\_\_\_, (the “Bank”) is hereby designated as a depository for funds of the State for the term of its [Contract Title], dated \_\_\_\_\_, as it may be amended, and that deposit accounts, whether demand, time, savings, disbursement, or like accounts may be opened and/or maintained from time to time in the name of the State with the Bank. The Bank, as a designated depository for funds of the State, is hereby authorized and directed to honor checks, drafts, or other orders for the payment of money drawn in the name of the State or its agencies, when bearing or purporting to bear the facsimile signature of one of the following: the Treasurer or the Chief Deputy Treasurer; and the countersignature of one of the following: the Comptroller or Deputy Comptroller, or the actual signatures of the certified officers or employees of each agency approved by the Treasurer and the Comptroller to establish an account with the Bank, as indicated on the Bank’s standard account signature cards; and the Bank shall be entitled to honor and charge the State for all such checks, drafts and other orders, regardless of by whom or what means the facsimile signatures thereon may have been affixed thereto from time to time by the Treasurer or other duly authorized officer of the State, and it is

FURTHER CERTIFIED, that the Treasurer or duly authorized agency representative shall certify to the Bank the names of the officers or employees of the State authorized to act with respect to each and every account, and shall from time to time hereafter as changes in such personnel may be made, immediately certify such changes to the Bank, and the Bank shall be fully protected in relying on such certifications of the Treasurer or duly authorized agency representative, and to the extent permitted by law shall be indemnified and saved harmless from any claims, demands, expenses, losses, or damages resulting from, or growing out of honoring the signature of an officer or employee so certified or refusing to honor any signature not so certified; and it is

FURTHER CERTIFIED, that the foregoing Designation shall remain in full force and effect until written notice of its amendment or rescission shall have been received by the Bank, and that receipt of such notice shall not affect any action taken by the Bank prior thereto.

I HEREBY CERTIFY that the following is the title, name, and official signature of the officer, in addition to me, authorized herein to act on behalf of the State:

<u>Title</u>	<u>Name</u>	<u>Official Signature</u>
Chief Deputy Treasurer	Bernadette T. Benik	_____

IN WITNESS WHEREOF, I have executed this Designation as of this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

STATE OF MARYLAND

By: \_\_\_\_\_  
Nancy K. Kopp  
Treasurer

## **APPENDIX G**

### **DEPOSIT AGREEMENT**

THIS DEPOSIT AGREEMENT (this "Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between the MARYLAND STATE TREASURER'S OFFICE (the "Office"), a unit of the State of Maryland (the "State"), and \_\_\_\_\_, a financial institution qualified to conduct business in Maryland.

### **RECITALS**

In accordance with Section 6-211 of the State Finance and Procurement Article of the Annotated Code of Maryland (the "Act") and COMAR 05.13.05 (the "Regulations"), the Maryland Department of Housing and Community Development ("DHCD") administers the DHCD Linked Deposit Program (the "Program"), the purpose of which is to assist certified minority business enterprises that are certified under Title 14, Subtitle 3, of the State Finance and Procurement Article of the Annotated Code of Maryland ("CMBEs") in obtaining loans at 2% lower than market interest rates.

In accordance with § 6-211(d) of the Act, the Office assists DHCD in the administration of the Program by making interest bearing deposits in eligible financial institutions and accepting a rate of interest that is 2 percentage points below the index selected by the Treasurer, thus enabling the financial institutions to offset their reduced interest rate on certain loans approved under the Program to CMBEs.

DHCD has notified the Office that it has enrolled a loan from the financial institution under the Program on \_\_\_\_\_, 20\_\_, to \_\_\_\_\_ (the "Borrower") in the amount of \$\_\_\_\_\_, with a term of \_\_\_\_\_ [months/years], at an interest rate of \_\_\_\_\_% (the "Loan").

The Office and the financial institution have entered into this Agreement to set forth the terms and conditions of the making of interest bearing deposits to the financial institution under the Program.

THEREFORE, in consideration of the respective undertakings of all of the parties to the transaction described in this Agreement, the Office and the financial institution agree as follows:

### **ARTICLE I** **TERMS AND CONDITIONS**

Section 1.1 Extension of Loan. The financial institution represents and warrants that (a) it has closed loan LD# \_\_\_\_\_ to the Borrower in compliance with the Act, on the terms approved by DHCD and described above, and (b) the interest rate charged to the Borrower is at least two percent (2 %) below the rate that the financial institution would otherwise charge for a similar loan for a similar purpose and term.

Section 1.2 Making of Interest Bearing Deposits. In accordance with §6-211 of the Act and in connection with the Loan, the Office hereby agrees to place interest bearing deposits with the financial institution in the initial principal amount of \$\_\_\_\_\_ for an aggregate term of \_\_\_ [months/years] at an interest rate of \_\_%, which equals the 5 Year U.S. Government Constant Maturity Treasury Rate in effect on the Loan closing date, less two percent (2 %), as recorded on the Federal Reserve Form H.15 website (<http://www.federalreserve.gov/releases/h15/update>), provided that the interest rate paid to the State shall not be less than one quarter of one percent (.25%). The interest rate on the interest bearing deposits will remain constant as long as the interest rate on the Loan remains constant. If the interest rate of the Loan changes, the interest rate on the interest bearing deposits will adjust proportionately. The financial institution shall make all required transfers and payments related to the interest bearing deposits to the Office electronically in accordance with the wire instructions set forth in Attachment #1 hereto.

Section 1.3 Quarterly Payment of Interest. Within one business day after the end of each calendar quarter, commencing on \_\_\_\_\_, 20\_\_, the financial institution shall transfer to the Office all accrued interest on the interest bearing deposits at the rates agreed to herein.

Section 1.4 Quarterly Return of Principal of interest bearing deposits to the Office. Within one business day after the end of each calendar quarter, commencing on \_\_\_\_\_, 20\_\_, the financial institution shall (a) reduce the amount of the interest bearing deposits by an amount equal to the reduction in the principal balance of the Loan in the preceding quarter, and (b) transfer such reduction in the amount of the interest bearing deposits to the Office.

Section 1.5 Transfer of Funds to the Office upon Prepayment of the Loan. Notwithstanding anything contained herein to the contrary, in the event the Loan is prepaid in full or otherwise terminated prior to the maturity of the Loan, within five (5) business days after the date of prepayment or other termination, the financial institution shall transfer to the Office the amount of all remaining principal in the interest bearing deposits together with all accrued interest.

Section 1.6 Transfer of Funds to the Office at end of Loan Term. At the end of the Loan term set forth in the Recitals above, even if such date is before the maturity, prepayment or other termination of the Loan, within five (5) business days after such date, the financial institution shall transfer to the Office the principal amount arising from the interest bearing deposits together with any accrued interest.

Section 1.7 Transfer of Funds to the Office in the Event of Decertification of Borrower. In the event that the Borrower loses its certification as a CMBE for any reason, the Office shall reduce the amount of the interest bearing deposits by the amount of the outstanding principal balance for the Borrower; provided, however, that a CMBE that is decertified due to revenue or employee growth after its Loan closing will not be considered decertified for purposes of this Program, and the Office will continue to provide interest bearing deposits relating to the Borrower's Loan.

Section 1.8 Limited Early Withdrawal Penalty. The financial institution shall not charge an early withdrawal penalty on any withdrawal, payment or other transfer to the Office of any or all funds in the interest bearing deposits, except for the early withdrawal penalty of seven (7) days' simple interest that is required to be imposed on a withdrawal of funds within six days of the date of

deposit of funds or within six days of the most recent partial withdrawal of funds, in accordance with Regulation D (Reserve Requirements of Depository Institutions, 17 C.F.R. §230.501 *et seq.*).

**ARTICLE II**  
**REPRESENTATIONS AND WARRANTIES**

Section 2.1. Representations and Warranties of the Office. The Office hereby represents and warrants the following to the financial institution:

- A. Organization of the Office. The Office is a unit of the State.
- B. Authority. Under the provisions of the Act, as amended, the Office has the power to enter into this Agreement and to carry out its obligations hereunder.
- C. Necessary Actions. By proper action, the Office has (1) approved the purchase of the interest bearing deposits from the financial institution under the Program with respect to the Loan, and (2) duly authorized the execution of this Agreement.
- D. Compliance with Laws. The Office is not in violation of any laws of the State which would affect its existence or its ability to enter into this Agreement or to carry out its obligations hereunder.

**ARTICLE III**  
**REPRESENTATIONS AND WARRANTIES OF THE FINANCIAL INSTITUTION**

Section 3.1 Representations and Warranties of the Financial Institution. The financial institution hereby represents and warrants the following to the Office:

- A. Authority of Financial Institution. The financial institution has full corporate power and authority to enter into and execute and deliver this Agreement and to enter into the transactions contemplated hereunder and to carry out and perform its obligations hereunder.
- B. Execution of Documents. This Agreement has been duly and properly executed by the financial institution.
- C. Qualified Financial Institution. The financial institution is eligible to make commercial loans, is designated by the Office as a public depository of State funds and has executed a Contract for Linked Deposit Program Services with the Office.
- D. No Assignment or Transfer of Loan. For so long as the linked deposit and this Agreement are in effect, the financial institution will not assign, sell or transfer its interest in the Loan to any other financial institution.
- E. Collateralization of interest bearing deposits. With regard to the interest bearing deposits, the financial institution shall comply with all requirements of State law relating to

deposits of State money including, without limitation, Sections 6-201 through 6-212 of the State Finance and Procurement Article of the Annotated Code of Maryland as amended from time to time.

F. Fees. The financial institution shall not charge the Office any fees or penalties whatsoever in relation to the interest bearing deposits.

**ARTICLE IV**  
**NO LIABILITY FOR OFFICE, DHCD OR STATE**

Section 4.1. No Liability. Neither the Office, nor DHCD, nor the State is liable to the financial institution for payment of principal of or interest on the Loan.

**ARTICLE V**  
**MISCELLANEOUS**

Section 5.1. Applicable Law. This Agreement shall be governed, construed and interpreted in accordance with the laws of the State.

Section 5.2. Notice. Notice shall be written communications given by personal delivery or by certified mail, postage prepaid, return receipt requested, addressed to the person to whom such communication is to be given, at the following addresses or such other address as may be later specified:

Office:           MARYLAND STATE TREASURER’S OFFICE  
                      Attention: Director, Division of Investments  
                      Louis L. Goldstein Treasury Building, Room 109  
                      80 Calvert Street  
                      Annapolis, Maryland 21401

Financial institution:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Section 5.3. Electronic Copies. The exchange of copies of this Agreement and of signature pages by electronic or facsimile transmission shall constitute effective execution and delivery of this Agreement. Signatures of the parties transmitted by electronic or facsimile transmission shall be deemed to be original signatures for all purposes.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement under their respective seals, as of the day and year first above written.

**WITNESS:**

**MARYLAND STATE TREASURER'S OFFICE**

\_\_\_\_\_

By: \_\_\_\_\_  
Nancy K. Kopp  
Treasurer

\_\_\_\_\_

By: \_\_\_\_\_  
Bernadette T. Benik  
Chief Deputy Treasurer

**WITNESS:**

**[FINANCIAL INSTITUTION]**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Approved for form and legal sufficiency  
for the Maryland State Treasurer's Office

\_\_\_\_\_  
Counsel to the Treasurer

**ATTACHMENT #1**

**Maryland State Treasurer's Office  
Wire Instructions**

**The financial institution shall wire funds intended for the Office to:**

M&T Bank  
1 M&T Plaza  
Buffalo, NY 14240  
ABA 022000046

For credit of Maryland State Treasurer's Office  
ACCT 09001095  
Attn: Renee McCardell 410.244.4881  
Ref: DHCD Loan LD# \_\_\_\_\_

**EXHIBIT 1**  
**State Finance and Procurement - Section 6-211**

6-211.

(a) (1) There is a Linked Deposit Program in the Department of Housing and Community Development.

(2) The purpose of the Linked Deposit Program is to stimulate opportunities for minority business enterprises to have access to credit by assisting these businesses in obtaining loans at lower than market interest rates.

(b) A loan qualifies under the Linked Deposit Program if the loan:

(1) satisfies the financial institution's lending criteria;

(2) has a term not exceeding 10 years;

(3) is made to a minority business enterprise certified under Title 14, Subtitle 3 of this article;

(4) has an interest rate that is 2 percentage points below the interest rate the financial institution would charge for a loan for a similar purpose and a similar term; and

(5) has points or fees charged at loan closing not exceeding 1 percent of the loan amount.

(c) The Department of Housing and Community Development shall:

(1) confirm with the certification agency designated under Title 14, Subtitle 3 of this article that each loan under the Linked Deposit Program is made to a business that is certified as a minority business enterprise;

(2) establish procedures for notification by the certification agency designated under Title 14, Subtitle 3 of this article if a business that has an outstanding balance of a loan under the Linked Deposit Program is no longer certified;

(3) require minority business enterprises and lenders to notify the Department concerning final loan disposition; and

(4) report annually to the Governor, the Treasurer, and, in accordance with § 2-1246 of the State Government Article, the General Assembly on overall performance of the Linked Deposit Program.

(d) The Treasurer may establish the Linked Deposit Program for investment of deposits in any financial institution that:

(1) the Treasurer has designated as a depository for State money; and

(2) makes a loan in accordance with subsection (b) of this section.

(e) (1) The Treasurer may make one or more interest bearing deposits that are equal to:

(i) the amount of the loan made by the financial institution in accordance with subsection (b) of this section; or

(ii) the aggregate amount of two or more loans made by one or more financial institutions in accordance with subsection (b) of this section.

(2) In making an interest bearing deposit under this subsection, the Treasurer may accept a rate that is 2 percentage points below current market rates or an index selected by the Treasurer.

(3) The Treasurer may use up to \$50,000,000 to make interest bearing deposits in an amount equivalent to the amount financial institutions loan to certified minority business enterprises.

(f) (1) Subject to paragraph (2) of this subsection, on notification by the Department of Housing and Community Development that a minority business enterprise participating in the Linked Deposit Program is no longer certified under Title 14, Subtitle 3 of this article, the Treasurer shall reduce the amount of the interest bearing deposit with the participating financial institution by the outstanding balance of the loan made under this section to the decertified minority business enterprise.

(2) A minority business enterprise that loses its certification due to revenue or employee growth may not be considered decertified for purposes of paragraph (1) of this subsection.

(g) (1) A loan assisted by a linked deposit is not a debt of the State or a pledge of the credit of the State.

(2) The Treasurer and the State are not liable to any financial institution for payment of the principal or interest on a loan assisted by a linked deposit.

(h) The Department of Housing and Community Development and the Treasurer may adopt regulations to carry out this section.

**EXHIBIT 2**  
**Linked Deposit Program**  
**Lending Procedures and Requirements**  
**Regulations COMAR 05.13.05**

**.01 Purpose.**

This chapter provides policies and procedures for the Department to certify and enroll loans from financial institutions to eligible minority business enterprises under the Linked Deposit Program, established pursuant to the State Finance and Procurement Article, §6-211, Annotated Code of Maryland.

**.02 Definitions.**

A. In this chapter, the following words have the meanings indicated.

B. Terms Defined.

(1) "Certified minority business enterprise" means a minority business enterprise certified under State Finance and Procurement Article, Title 14, Subtitle 3, Annotated Code of Maryland.

(2) "Department" means the Department of Housing and Community Development.

(3) "Financial institution" has the meaning stated in State Finance and Procurement Article, §6-201, Annotated Code of Maryland.

(4) "Program" means the Linked Deposit Program established under State Finance and Procurement Article, §6-211, Annotated Code of Maryland.

(5) "Program loan" means a loan made under this chapter.

(6) "Secretary" means the Secretary of Housing and Community Development.

(7) "Treasurer's Office" means the Office of the State Treasurer.

**.03 Eligible Loans.**

A. A loan is eligible under the Program if the loan:

(1) Is made by a financial institution that is eligible to participate in the Program under Regulation .04B of this chapter;

(2) Meets the financial institution's lending criteria;

(3) Has a term not exceeding 10 years;

(4) Is made to a certified minority business enterprise that will use the proceeds for a project or activity primarily located in Maryland;

(5) Has an interest rate that is at least 2 percentage points below the interest rate the financial institution would charge for a loan for a similar purpose and term;

(6) Does not exceed \$1,000,000 when added to any other loans the borrower received under the Program;

- (7) Has points or fees charged by the financial institution at closing not exceeding 1 percent of the loan amount; and
- (8) Complies with all terms and conditions of this chapter.

B. The proceeds of a Program loan may not be used:

- (1) For the furtherance of sectarian religious instruction;
- (2) In connection with the design, acquisition, or construction of any building used or to be used as a place of sectarian religious worship or instruction; or
- (3) In connection with any program or department of divinity for any religious denomination, including but not limited to religious services, religious instruction, or other activities that have an explicitly religious purpose.

#### **.04 Program Eligibility.**

A. To be eligible to receive a Program loan, an applicant shall be a certified minority business enterprise.

B. To be eligible to make Program loans, a financial institution shall be designated by the Treasurer's office as a depository for State money and as eligible to participate in the Program.

#### **.05 Initial Loan Application.**

A. An applicant may choose to submit an application directly to:

- (1) One or more participating financial institutions; or
- (2) The Department, to be forwarded to all participating financial institutions.

B. For an application submitted directly to a financial institution under §A(1) of this regulation, the following procedures apply:

- (1) Before making a loan commitment to the applicant, the financial institution shall submit an application to the Department on forms prescribed by the Department;
- (2) The Department may require that the application be submitted in electronic form; and
- (3) After receipt of a completed application, the Department shall either:
  - (a) Confirm that the applicant is a certified minority business enterprise and notify the applicant and the financial institution in writing that the applicant meets the program requirement that it be a certified minority business enterprise; or
  - (b) Notify the applicant and the financial institution in writing that the application has been denied because the applicant is not a certified minority business enterprise.

C. For an application submitted to the Department under §A(2) of this regulation, the following procedures apply:

- (1) An applicant shall submit a completed application to the Department on forms prescribed by the Department;
- (2) An applicant may submit the application in electronic form or written form;

- (3) After the receipt of a completed application, the Department shall either:
- (a) Confirm that the applicant is a certified minority business enterprise; or
  - (b) Notify the applicant in writing if its application has been denied because it is not a certified minority business enterprise; and
- (4) If the Department confirms that the applicant is a certified minority business enterprise, the Department shall provide:
- (a) All financial institutions eligible to participate in the Program with a copy of the completed application; and
  - (b) The applicant with a list of all financial institutions that received a copy of the application.

### **.06 Financial Institution Application.**

A. If a financial institution decides to offer the applicant a loan, it shall:

- (1) Provide the applicant and the Department with a commitment letter describing the terms and conditions of the loan, including the interest rate and fees charged by the financial institution; and
- (2) Certify to the Department on forms approved by the Department that the loan will meet the requirements of Regulation .03 of this chapter.

B. If a financial institution declines to offer the applicant a loan, it shall:

- (1) Notify the applicant and Department in writing; and
- (2) Comply with all State and federal requirements regarding the denial of a loan.

### **.07 Closing and Enrollment Procedures.**

A. Notification. Within 3 business days of receiving a Program loan, the borrower shall notify the Department that the loan has closed.

B. Forms. Applications for enrollment of a loan under the Program by the financial institutions shall be made on forms prescribed by the Department.

C. Submission of Documentation. Within 10 business days of making a Program loan, the financial institution shall submit all loan documents, forms, and other documentation required by the Department.

D. Review by Department.

- (1) Within 10 business days of receipt of all forms and documentation from the financial institution, the Department shall determine if the loan closed in conformity with the criteria of Regulation .03 of this chapter.
- (2) If the Department determines that a loan is eligible, it shall enroll the loan in the Program and notify the Treasurer's Office and the financial institution in writing of its decision.

(3) If the Department determines that a loan is not eligible, it shall notify the financial institution in writing stating the reason the loan is not eligible. An applicant or financial institution may request that the Department reconsider its decision in accordance with Regulation .07E of this chapter.

E. Reconsideration.

(1) An applicant or a financial institution may request reconsideration of a Department decision that a loan is not eligible for the Program by submitting a written request to the Secretary or the Secretary's designee within 30 days following the date of the Department's written decision. The request for reconsideration shall address each reason for the decision and provide documentation supporting reasons for reconsideration of the issues. The Secretary shall respond in writing to the applicant's request for reconsideration within 30 days of receipt by the Secretary of the request for reconsideration.

(2) An initial decision or reconsideration of a decision is not a contested case within the meaning of the Administrative Procedure Act or COMAR 05.01.01.02.

(3) The Secretary, in the Secretary's sole discretion, may delegate to an authorized officer of the Department the authority to approve, disapprove, or approve with modifications a request for reconsideration of a determination of ineligibility under the Program.

**.08 Maintaining Certified Minority Business Status.**

A. A borrower that receives a Program loan shall maintain its status as a certified minority business enterprise for the term of the Program loan.

B. The Department shall notify the Treasurer's Office in writing if the borrower is decertified as a minority business enterprise for any reason during the term of the Program loan.

C. If a borrower is decertified as a minority business enterprise during the term of the Program loan and upon written notification:

(1) The Treasurer's Office shall reduce the amount of the certificate of deposit purchased from the financial institution under the Program by the amount of the outstanding principal balance of the specified Program loan; and

(2) The financial institution may increase the interest rate of the Program loan by 2 percent if permitted by the loan documents.

D. A minority business enterprise that loses its certification due to revenue or employee growth may not be considered decertified for purposes of this regulation.

**.09 Other Laws.**

The requirements of this chapter are in addition to any other State, federal, and local laws or regulations that are applicable to the financial institution, and do not preempt or supersede any of those requirements.

**.10 Program Administration.**

A. The Secretary may waive or vary provisions of this chapter:

(1) To the extent that the waiver or variance is consistent with State Finance and Procurement Article, §6-211, Annotated Code of Maryland; and

(2) If, in the written determination of the Secretary, the application of a regulation in a specific case or in an emergency situation would be inequitable or contrary to the purposes of State Finance and Procurement Article, §6-211, Annotated Code of Maryland.

B. Electronic Means. The Department may require the financial institution to submit any written documentation required in this chapter by electronic means.

C. Subject to all State and federal privacy requirements, the Department may require a participating financial institution to provide reports that contain:

- (1) The number of loans made under the Program;
- (2) The dollar value of loans made under the Program;
- (3) The performance of the loans made under the Program;
- (4) The type of business that received loans; and
- (5) Any other information requested by the Department related to the Program.

D. Program Guidelines. The Department may establish from time to time Program guidelines containing procedures, required reports, forms, and other matters related to the Program.

### **EXHIBIT 3**

#### **Article - State Finance and Procurement**

§6-201.

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

(b) “Banking institution” means an institution that is incorporated under the laws of the State as a State bank, trust company, or savings bank.

(c) “Collateral” means collateral that is listed under § 6-202 of this subtitle.

(d) “Deposit insurance” means insurance by:

(1) the Federal Deposit Insurance Corporation; or

(2) the Resolution Trust Corporation created under § 21A of the Federal Home Loan Bank Act (12 U.S.C. § 1441a.).

(e) “Financial institution” means:

(1) any banking institution;

(2) any national banking association;

(3) an institution that is incorporated under the laws of any other state as a bank;

and

(4) an institution that is incorporated under the laws of this State or of the United States as a savings and loan association.

(f) “National banking association” means an institution that is incorporated under federal law as a bank.

(g) “State money” for purposes of §§ 6-209 and 6-210 of this subtitle includes moneys in a bank account maintained under the control of an employee or official of the clerk of the court or register of wills.

## EXHIBIT 4

### Article - State Finance and Procurement

§6-202.

Collateral that may be used under this subtitle shall be:

- (1) an obligation of the United States or any of its agencies;
  - (2) an obligation guaranteed by the United States or by any of its agencies;
  - (3) an obligation insured by the United States;
  - (4) an obligation of the State or any of its units or instrumentalities;
  - (5) an obligation of a county of the State or any of its agencies;
  - (6) an obligation of a municipal corporation in the State or any of its agencies;
  - (7) an obligation of any other governmental authority in the State;
  - (8) an obligation of the Inter-America Development Bank;
  - (9) an obligation of the World Bank;
- (10) an obligation of the following government-sponsored enterprises:
  - (i) the Federal Home Loan Bank System;
  - (ii) the Federal Home Loan Mortgage Corporation;
  - (iii) the Federal National Mortgage Association;
  - (iv) the Farm Credit System;
  - (v) the Federal Agricultural Mortgage Corporation; and
  - (vi) the Student Loan Marketing Association;
- (11) a surety bond if:
  - (i) subject to the terms and conditions of the bond, it is irrevocable and absolute;
  - (ii) the surety bond is issued by an insurance company authorized to do business in this State;
  - (iii) the issuer of the surety bonds does not provide surety bonds for any one financial institution in an amount that exceeds 10% of the surety bond insurer's policyholders' surplus and contingency reserve, net of reinsurance; and
  - (iv) the claims-paying ability of the authorized insurance company is rated, at all relevant times, in the highest category by at least two nationally recognized rating agencies acceptable to the Treasurer; or
- (12) an obligation or security of, or other interest in, any open-end or closed-end management type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., if:
  - (i) the portfolio of the open-end or closed-end management type investment company or investment trust is limited to direct obligations of the United States government and to repurchase agreements fully collateralized by United States government obligations; and
  - (ii) the open-end or closed-end management type investment company or investment trust takes delivery of that collateral, either directly or through an authorized custodian.

## EXHIBIT 5

### Article - State Finance and Procurement

§6-209.

- (a) State money on deposit with a financial institution shall be secured by:
  - (1) deposit insurance; or
  - (2) collateral as required by this section.
- (b) (1) The collateral for State money on deposit with a financial institution:
  - (i) must have, at all times, a market value that equals or exceeds the State money that is on deposit with the financial institution and is not covered by deposit insurance; and
  - (ii) must be approved by the Treasurer.
- (2) If the collateral is a surety bond under § 6-202 of this subtitle:
  - (i) the surety bond shall be in a form and amount acceptable to the Treasurer as determined by the Treasurer from time to time; and
  - (ii) the financial institution that provides the surety bond as collateral shall immediately notify the Treasurer if the rating assigned to the issuing insurance company by any rating agency, found acceptable to the Treasurer under § 6-202 of this subtitle, is withdrawn or downgraded, in which event the financial institution shall immediately provide the Treasurer with substitute collateral permitted under § 6-202 of this subtitle.
- (3) Subject to the requirements of this subsection, a financial institution may change its collateral from time to time.
- (c) (1) A custodian shall hold the collateral under this section for the benefit of the State.
- (2) A financial institution may use as a custodian:
  - (i) any banking institution that is approved by the Commissioner of Financial Regulation to conduct commercial banking business in the State;
  - (ii) a federal reserve bank; or
  - (iii) any national banking association that is approved by the Comptroller of the Currency to conduct banking business in the State.
- (3) A financial institution may not be approved as custodian for the collateral of a depository unless the assets of the financial institution equal or exceed 200% of the value of the collateral to be held for the depository.







**EXHIBIT 9**

**FINANCIAL INSTITUTION CERTIFICATION**

**Borrower:** \_\_\_\_\_

**Loan Amount:** \_\_\_\_\_

Financial institution certifies that the above-referenced Linked Deposit Program Loan (the "Loan") has been made and is in compliance with the Linked Deposit Program set forth in §6-211 of the State Finance and Procurement Article, Annotated Code of Maryland and COMAR 05.13.05. Further the financial institution certifies that the loan:

1. Has a term not exceeding 10 years;
2. Has been made to a certified minority business enterprise that will use the proceeds for a project or activity primarily located in Maryland;
3. Has an interest rate that is at least 2 percentage points below the interest rate the financial institution would charge for a loan for a similar purpose and term;
4. Has points or fees charged by the financial institution at closing not exceeding 1 percent of the loan amount.

\_\_\_\_\_  
Name of Financial Institution

By: \_\_\_\_\_  
Signature of Authorized Representative

Date: \_\_\_\_\_