

TAX CREDIT CERTIFICATE

**MARYLAND INSURANCE PREMIUM TAX CREDIT
ISSUED UNDER THE INVESTMARYLAND PROGRAM**

**Authority: Economic Development Article §6-501 through §6-529
Insurance Article §6-122
Annotated Code of Maryland (the “Act”)**

Purchaser: _____

NAIC Number: _____

Tax Credit Certificate No.: _____

Date of Issue: _____

Amount of Tax Credits Represented by This Certificate: \$ _____

Amount of Capital Paid by the Purchaser in return for the Tax Credits: \$ _____

This Tax Credit Certificate is issued to the Purchaser by the Department of Business and Economic Development (“DBED”) on the Date of Issue set forth above, pursuant to the Act.

Subject to the terms and limitations below, this Tax Credit Certificate entitles the Purchaser to a fully vested tax credit against the insurance premium tax imposed under Title 6, Subtitle 1 of the Insurance Article, Annotated Code of Maryland.

1. InvestMaryland Program. This Tax Credit Certificate represents one third of the total Tax Credits to be issued to the Purchaser pursuant to the Purchaser’s successful bid to purchase Tax Credits under §6-513(c) of the Act. The Purchaser has entered into a Tax Credit Purchase Agreement dated _____, 2012 (the “Purchase Agreement”) to make payments of Designated Capital to DBED as of June 1, 2012, June 1, 2013, and June 1, 2014, subject to a five-day grace period, in exchange for the Tax Credits. A separate Tax Credit Certificate representing one-third of the total Tax Credits issued to the Purchaser will be issued at the time each installment of Designated Capital is received by DBED. All capitalized terms, unless otherwise defined herein, are defined in the Purchase Agreement.

2. Annual Limitation; When Tax Credits May Be Taken; Offset Against Estimated Taxes; Carryover.

- (a) Up to 20% of the Purchaser's total Tax Credits may be taken against Insurance Premium Tax Liability for each calendar year from 2014 to 2018.
- (b) The Tax Credits may be offset by the Purchaser against Insurance Premium Tax Liability beginning with the quarterly estimated tax return filed with the Maryland Insurance Commissioner in April, 2014 and in each subsequent quarterly estimated tax return through the estimated tax return due for December, 2018 or thereafter pursuant to subsection (d) below.
- (c) The Purchaser shall submit a copy of its Tax Credit Certificate with each quarterly estimated tax return filed with the Maryland Insurance Administration.
- (d) Unused Tax Credits may be carried over indefinitely and may be taken without restriction after calendar year 2018 and may continue to offset liability under quarterly estimated tax returns thereafter.

3. Annual Report.

- (a) The Purchaser shall submit the original Tax Credit Certificate with its Annual Report filed with the Maryland Insurance Commissioner by March 15 with respect to any calendar year in which Tax Credits are properly claimed.
- (b) If the Purchaser's Insurance Premium Tax Liability in any year is less than the Tax Credits evidenced by a Tax Credit Certificate held by the Purchaser, DBED shall issue to the Purchaser a new Tax Credit Certificate for the unused balance of Tax Credits.
- (c) The Purchaser may not claim Tax Credits in any year in excess of the Purchaser's actual Insurance Premium Tax Liability for that year.

4. Penalty for Non-Compliance.

- (a) Subject to the terms of this Tax Credit Certificate and the Purchase Agreement, a Purchaser that fails to make a payment of Designated Capital by the date specified in the Purchase Agreement may be subject to a penalty equal to 10% of the defaulted amount, payable to DBED within 30 days after demand by DBED.
- (b) DBED may offer to re-allocate the defaulted Designated Capital allocation attributable to the Purchaser among the other Purchasers at the auction of Tax Credits and may waive the penalty if the re-allocation results in the payment by another purchaser or purchasers of the defaulted amount of Designated Capital.

- (c) Subject to the transfer requirements below, a Purchaser that fails to make a payment of Designated Capital by the date specified in the Purchase Agreement may avoid the imposition of the penalty by transferring the allocation of Tax Credits attributable to the Designated Capital contribution that was not paid on a timely basis to a new or existing purchaser within 30 days after the due date of the defaulted installment.

5. Transfer of Tax Credits. The Purchaser may transfer all or any part of the Tax Credits represented by this Tax Credit Certificate by submitting the attached Notice of Transfer of Tax Credits to DBED. Any transferee of Tax Credits must:

- (a) meet the definition of “Purchaser” in §6-501(l) of the Act, although the transferee need not have participated in the original sale of Tax Credits;
- (b) be in good standing with the Maryland Insurance Administration, and
- (c) agree to assume all of the transferor’s obligations and rights under the Purchase Agreement in respect of the transferred Tax Credits.

At least 30 days prior to the effective date of the transfer, the Purchaser and any assignee shall jointly complete and submit to DBED the attached Notice of Assignment together with the original of this Tax Credit Certificate. DBED shall issue to the transferee a new Tax Credit Certificate in the transferee’s name representing the amount of Tax Credits transferred and shall issue to the Purchaser a new Tax Credit Certificate representing any amount of Tax Credits retained by the Purchaser.

6. Tax Credits Not Subject to Forfeiture, etc. The Tax Credits represented by this Tax Credit Certificate are not subject to forfeiture, disallowance, or recapture by the Department of Business and Economic Development or the State of Maryland for any reason and may be used against any tax obligation contemplated by the definition of Insurance Premium Tax Liability in the Purchase Agreement.

**DEPARTMENT OF BUSINESS AND
ECONOMIC DEVELOPMENT**

By: _____
Christian S. Johansson
Secretary

NOTICE OF TRANSFER OF TAX CREDITS

The undersigned assignor (the “Assignor”), as owner and holder of this Tax Credit Certificate, hereby assigns Tax Credits evidenced by this Tax Credit Certificate to the person or persons (the “Assignee(s)”) named below in the amount set forth below. Following submission of this Notice of Transfer of Tax Credits, along with the original Tax Credit Certificate, a new Tax Credit Certificate will be issued to the Assignee(s) and the Assignor, as appropriate. To the extent of the Tax Credits assigned, each Assignee agrees to assume all of the Assignor’s obligations under the Purchase Contract existing as of the date of assignment.

Tax Credit Certificate No.: _____
 Assignor’s Tax Credit Balance Before Transfer(s): _____
 Assignor’s Tax Credit Balance after Transfer(s): _____

Name of Assignee	Address	NAIC Number	Tax Credit Transferred
			\$

AGREED AND ACCEPTED EFFECTIVE AS OF _____, 201__.

(Name of Assignee)

(Name of Assignor)

By: _____
 Name: _____
 Title: _____

By: _____
 Name: _____
 Title: _____