**§ 1835-c. Loans to lenders.** 1. The authority shall have the power and is hereby authorized to make and contract to make loans to lenders on such terms and conditions as it shall determine, and all lenders are authorized to borrow from the authority in accordance with the provisions of this section and upon such terms and conditions as the authority may impose, provided that the business development corporation established under article five-A of the banking law shall receive no more than five million dollars and any other lender shall receive no more than two million dollars in loans to lenders from the authority in any twelve month period.

2. The authority shall require as a condition of each loan to a lender that such lender enter into written commitments to make within such period of time as the authority may require loans for agricultural business projects in accordance with the standards and criteria prescribed by the authority. Such loans for agricultural business projects shall be in an aggregate principal amount equal to the amount of such loan to the lender and shall require the disbursement of such loan proceeds by the lender to borrowers to pay the costs of such projects; provided that no borrower shall receive more than two hundred thousand dollars in loans for agricultural business projects that are financed by loans to lenders from the authority in any twelve month period.

3. The authority shall require the submission to it by each lender to which the authority has made a loan to lender such documentation and other evidence satisfactory to the authority that the lender has made loans for agricultural business projects in accordance with the standards and criteria prescribed by the authority, and in this connection the authority through its members, agents and employees may inspect the books and records of such lender.

4. The authority shall require that each lender receiving a loan to lender pursuant to this section shall issue and deliver to the authority an evidence of its indebtedness to the authority which shall constitute an unconditional obligation of such lender and shall bear such date or dates, shall mature at such times or times, shall be subject to

prepayment and shall contain such other provisions consistent with this subtitle as the authority shall require.

5. Notwithstanding any other provision of this subtitle, the interest rate and other terms of loans to lenders made from the proceeds of any issue of loans to lenders bonds or notes of the authority shall be at least sufficient to assure the payment of principal, redemption premium, if any, and interest on such bonds and notes as the same become due and payable.

6. The authority may require that loans to lenders made pursuant to this subtitle shall be secured as to the payment of both principal and interest by a pledge of collateral security in such amounts as the authority may determine to be necessary to assure the payment of such loans and the interest thereon as the same become due and payable. Such collateral security may consist of (a) obligations of or guaranteed by the United States of America, (b) obligations of the state or obligations the principal and interest of which are guaranteed by the state, excluding any obligations of the authority, (c) obligations of any corporation wholly owned by the United States of America, (d) obligations of any corporation sponsored by the United States of America which are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system, or (e) certificates of deposit or time deposits secured in such manner, if any, as the authority shall determine.

7. The authority may require that any collateral security for loans to lenders be deposited with a bank, trust company or other financial institution (other than the lender pledging such collateral security) which shall be located in the state and designated by the authority as custodian therefor or may require each lender to enter into an agreement with the authority containing such provisions as the authority shall require to (a) adequately identify and maintain such collateral security, (b) service such collateral security, and (c) require the lender to hold such collateral security in trust for the authority and be accountable to the authority as the trustee of an express trust. The authority may also establish such additional requirements as it shall

deem necessary with respect to the pledging, assigning, setting aside or holding of such collateral security and the making of substitutions of or additions thereto and the disposition of income and receipts therefrom.

8. The authority may require as a condition of any loans to lenders such representations and warranties as it shall determine to be necessary to secure such loans and carry out the purposes of this subtitle, and may make and execute contracts for the administration, servicing or collection of any loans to lenders or other financing with a lender and may pay the reasonable value of services rendered to the authority pursuant to such contracts.