§ 1836-e. Loan agreements. 1. If the authority approves an application for a loan under this subtitle, the local development corporation may enter into a loan agreement with the employee ownership association whereby the local development corporation agrees to loan to the employee ownership association the remaining funds necessary for the eligible project.

2. No such loan may exceed forty percent of the cost of the project and the repayment of such loan shall be secured by a mortgage thereon which shall not be a junior encumbrance thereon by more than fifty percent of such cost, and by means of the guarantees of the loans made by banking organizations which guaranty shall not exceed eighty percent of the cost of the project, except as provided in paragraphs (a) and (b) of subdivision two of section eighteen hundred three and paragraph (a) of subdivision seven of section eighteen hundred twenty-three of this chapter.

3. The local development corporation may not enter into any loan agreement unless the authority determines through an appropriate method that there is reasonable assurance of repayment. The authority shall establish such requirements or terms as it may deem necessary or desirable to secure the repayment of the loan and to protect the interests of the authority and the holders of its bonds.

4. Subject to the requirements of this subtitle, the authority is authorized to determine the form and substance of any loan agreement made pursuant to this subtitle.