§ 1837-b. Loans to local development corporations. 1. No loan shall be made by the authority under the provisions of this subtitle with respect to an eligible project unless: (a) the local development corporation has obtained firm commitments satisfactory to the authority from responsible financial sources, which may include a federal agency or the project occupant, for the total project cost exclusive of any loan requested from the authority; (b) the local development corporation has obtained a firm commitment satisfactory to the authority from the project occupant to lease or use the project after it has been completed; (c) the principal amount of such loan is forty percent or less of the project cost, 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; and (d) if such loan is secured by a mortgage on the project, such mortgage is not a junior encumbrance on the project by more than fifty percent of the project cost.

2. No loan shall be guaranteed by the authority with respect to a project unless: (a) the project occupant has obtained firm commitments satisfactory to the authority from banking organizations for the financing of the project cost exclusive of the amount to be provided by the project occupant; (b) the authority is satisfied that the project occupant may be reasonably expected to comply with the terms of any loan for which a guarantee is sought; (c) the amount of the guarantee is eighty percent or less of the project cost; and (d) the loan is secured by a mortgage or security instrument which is not a junior encumbrance or other collateral deemed satisfactory to protect the authority's interest.