§ 966. Surrender of conditional tax receipts. 1. Upon the surrender of the conditional tax receipt evidencing the discharge of the obligation created by the loan contract in connection with which it was issued, the municipal corporation shall replace it with a receipted tax bill. Such receipted tax bill shall bear the date of the conditional tax receipt and no interest or penalty shall be charged to the taxpayer for the period between the date of the issuance of the conditional tax receipt and the date of its surrender. All penalties and interest imposed by the municipal corporation for tax default shall be added to the tax lien until the discharge of the obligation created by the loan contract in connection with which the conditional tax receipt was issued, and such penalties and interest shall be cancelled and be deemed satisfied upon the discharge of such obligation provided such obligation is discharged prior to the disposition of the tax lien as provided in section nine hundred sixty-eight of this chapter.

2. If subsequent to the issuance of the conditional tax receipt, payment of the taxes is made by any person directly to the municipal corporation in order to obtain a receipted tax bill, the municipal corporation shall, upon surrender of the conditional tax receipt, pay the loan corporation the balance due to it on the loan contract.