

(b) *Mortgage interest exempt from income tax.*—If a county or municipality participates as mortgagor in accordance with the provisions of subsection (a), the interest payable on the principal of the mortgage shall be and remain exempt from income taxation by the State of Maryland and by the several counties and municipalities of this State.

(c) *Agreement with lessee to acquire facility.*—A municipality or county may agree with any lessee occupying and using any facility acquired hereunder, that at the time the principal and interest on the mortgage have been paid in full, the lessee may purchase or otherwise acquire the facility procured by the county or municipality with the proceeds of the mortgage funds. The consideration for the conveyance or an acquisition may be nominal, and any such contractual obligation by such municipality or county shall not be subject to any limitation otherwise imposed by law requiring advertising of such property for any specific period of time or sale thereof to the highest bidder.

(d) *Compliance with competitive bidding laws.*—The acquisition of an industrial project by a county or municipality, and/or the contracting for construction of an industrial project by a county or municipality shall not be subject to the requirements of State or local law regarding competitive bidding, providing the tenant requests such direct contracting and further providing that the direct contracts are approved by the Maryland Industrial Development Financing Authority.

(e) *Application of section.*—The provisions of this section shall be applicable to all mortgages negotiated under this subtitle on and after June 1, 1965.

266X. Mortgages made legal investments and negotiable.

(a) Notwithstanding any provisions of any rule at common law or any general or special law, mortgages insured by the Authority under this subtitle and participations therein are hereby made legal investments for all insurance companies, trust companies, banks, investment companies, savings banks, building and loan associations, credit unions, savings and loan associations, executors, administrators, guardians, conservators, trustees and other fiduciaries, pension, profit-sharing, and retirement funds.

(b) Any mortgage insured by the Authority may be negotiable, and the insurance agreement between the Authority and the mortgagee shall inure to the benefit of any purchaser, assignee or other holder of any mortgage so negotiated.

266Y. Record of accounts; annual report.

The Authority shall keep proper records of accounts and shall make an annual report of its condition and operations to the Governor.

266Z. Additions to mortgage insurance fund; disposition of excess.

(a) *Request to Board of Public Works.*—If from time to time in the opinion of the Authority and the Secretary of Economic and Community Development the addition of moneys to the mortgage