

of the total land covered by the loan shall be applied in reduction of the principal balance of the loan plus accrued interest thereon. Upon any such lease, the subdivision shall commence amortizing the loan over a period not exceeding forty years in accordance with an amortization schedule approved by the Secretary. If, at the end of five years from the date of the loan, the subdivision has not sold or leased all of the land in accordance with this section, it shall commence amortization of the remaining balance of the loan over a twenty-year period in accordance with an amortization schedule approved by the Secretary.

(2) The Secretary may extend the five-year nonamortization period for an additional period not exceeding two years upon a finding that the delay arose from unforeseen or extraordinary circumstances and that the purposes of this subtitle can best be served by an extension. The Secretary may require that any period of extension be deducted from the period of amortization.

(3) The rate of interest applicable to loans under this subtitle shall be equal to the effective rate applicable to the most recent general obligation bonds issued by the State (effective rate being the stated rate plus any discount from par at which the bonds were sold) plus one eighth of one percent.

(d) The following conditions, which shall be included in the loan agreement, shall apply with respect to any sale or lease of the project or any part thereof:

(1) The borrowing subdivision shall not sell, lease, or otherwise convey the land or any part thereof except for purposes consistent with this subtitle. The borrowing subdivision shall give the Secretary at least thirty days prior written notice of any proposed sale, lease, or conveyance, and the Secretary, if he determines that the proposed sale, lease, or conveyance is not consistent with the purposes of this subtitle, may file an action in a court of competent jurisdiction to enjoin the transaction.

(2) The land shall not be sold for an amount less than the principal balance and accrued interest owed by the subdivision to the State under the loan agreement applicable to the land, nor more than the greater of (i) the current market value at the time of sale, as determined by averaging the appraisals of two qualified appraisers approved by the Secretary plus the amount of interest paid by or accruing to the subdivision under the loan agreement up to the time of sale and any other direct expenses of the subdivision with respect to its acquisition of the land, or (ii) the minimum amount set forth above. If the sale is for part, but not all, of the land, the alternative maximum prices and the minimum price shall be (i) the current market value of the part sold plus such part of the interest and direct expenses as may be apportioned to the part sold in