

ELECTION UNDER THIS SUBSECTION, WOULD BE ALLOWABLE TO THE BUSINESS ENTITY OR INDIVIDUAL WITH RESPECT TO THE CERTIFIED REHABILITATION.

(4) A BUSINESS ENTITY OR INDIVIDUAL MAY TRANSFER A HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE TO A LENDING INSTITUTION SUBJECT TO MARYLAND TAX, INCLUDING A NONDEPOSITORY INSTITUTION, IN CONNECTION WITH A LOAN:

(I) THAT IS SECURED BY A CERTIFIED HERITAGE STRUCTURE; AND

(II) THE PROCEEDS OF WHICH MAY NOT BE USED FOR ANY PURPOSE OTHER THAN THE ACQUISITION OR REHABILITATION OF THE CERTIFIED HERITAGE STRUCTURE.

(5) A LENDING INSTITUTION THAT ACCEPTS A HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE FROM A BUSINESS ENTITY OR INDIVIDUAL SHALL IN EXCHANGE PROVIDE THE BUSINESS ENTITY OR INDIVIDUAL AN AMOUNT EQUAL TO THE FACE AMOUNT OF THE HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE, DISCOUNTED BY THE AMOUNT BY WHICH THE LENDING INSTITUTION'S FEDERAL INCOME TAX LIABILITY IS INCREASED AS A RESULT OF ITS USE OF THE HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE TO OFFSET STATE TAXES UNDER THIS SUBSECTION, TO BE ~~APPLIED~~ ALLOCATED, AT THE BORROWER'S ELECTION:

(I) TO REDUCE THE PRINCIPAL AMOUNT OF THE LOAN, OR TO REDUCE THE INTEREST RATE ON THE LOAN TO RESULT IN INTEREST PAYMENT REDUCTIONS SUBSTANTIALLY EQUAL ON A PRESENT VALUE BASIS TO THE FACE AMOUNT OF THE HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE, AS DISCOUNTED; OR

(II) TO REDUCE THE BUSINESS ENTITY'S OR INDIVIDUAL'S COST OF PURCHASING THE CERTIFIED HERITAGE STRUCTURE BY AN AMOUNT EQUAL TO THE FACE AMOUNT OF THE CERTIFICATE, AS DISCOUNTED.

(6) (I) A LENDING INSTITUTION MAY CLAIM A TAX CREDIT UNDER THIS SECTION IN AN AMOUNT EQUAL TO THE FACE AMOUNT SPECIFIED IN A HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE.

(II) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION IN ANY TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE LENDING INSTITUTION FOR THAT TAXABLE YEAR, THE LENDING INSTITUTION MAY APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING YEARS UNTIL THE EARLIER OF:

1. THE FULL AMOUNT OF THE EXCESS IS USED; OR

2. THE EXPIRATION OF THE 10TH TAXABLE YEAR AFTER THE TAXABLE YEAR IN WHICH THE HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE IS ISSUED.

(7) IF THE AMOUNT OF THE DISCOUNT RETAINED BY A LENDING INSTITUTION EXCEEDS THE AMOUNT BY WHICH THE LENDING INSTITUTION'S FEDERAL INCOME TAX IS INCREASED AS A RESULT OF ITS USE OF THE HISTORIC