

(B) not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by an Indian tribe or a community or area organization which is non-governmental in character, as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance;

(C) in extending financial assistance under this section with respect to a redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such assistance is extended shall be supplied by nongovernmental sources as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance; and

(D) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraphs (B) and (C), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

LOANS FOR PUBLIC FACILITIES

Sec. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved economic development program as provided in section 6(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) Subject to section 12(5), the maturity date of any such loan shall be not later than forty years after the date such loan is made. Any such loan shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(a) of this Act, plus one-quarter of 1 per centum per annum.

(c) The total amount of loans outstanding at any one time under this section shall not exceed \$100,000,000.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.