

IV. LOAN DISCHARGE

4.01 Discharge Due to Conveyance to Highway Authority. If any parcel purchased with the loan funds is conveyed to a highway authority for construction of a highway, the Recipient shall repay to the Council, within thirty (30) days of receipt, the amount received from the highway authority for the parcel, acquisition costs and relocation expenses. Upon payment of the specified amount, the Council will discharge the loan.

4.02 Discharge Due to Changes in Plan for Highway. If the Council notifies the Recipient that the plan to construct the highway has been abandoned or the anticipated location of the highway has changed, the Recipient shall seek the prior approval of the Council to sell the acquired property. The Recipient shall repay to the Council, within thirty (30) days of receipt, the fair market value of the property as determined by sale of the property in accordance with the Recipient's procedures required for the disposition of real property. Upon payment of the specified amount, the Council will discharge the loan.

4.03 Discharge Due to Breach or Other Circumstances. If the property for any other reason is sold, or if the Recipient materially breaches any term of this agreement, the Recipient shall repay the amount specified in paragraph 1.02 for the purchase price of the property and the amount actually disbursed pursuant to paragraph 1.02 for acquisition costs. The Council agrees to notify the Recipient of any material breach of the agreement and to provide a reasonable opportunity for the Recipient to cure the breach. If the Recipient fails to cure the breach, the Recipient will repay the amount specified within thirty (30) days. Upon payment of the specified amount, the Council will discharge the loan.

V. GENERAL CONDITIONS

5.01 Duration of Agreement. The agreement is effective on the execution of this agreement and remains in force and effect until the loan is discharged.

5.02 Interest. The loan made in this agreement shall bear no interest.

5.03 Declaration of Restrictive Covenants. The Recipient agrees that it will execute, and cause to be recorded at its own expense, a declaration of restrictive covenants with reference to each parcel of land in which an interest is acquired in whole or in part from loan proceeds. The declaration of restrictive covenants shall be substantially in the form contained as a sample in Exhibit B, which is attached to and made a part of this agreement. It is the purpose of such declaration of restrictive covenants to limit the right of the Recipient to convey or encumber land or interests in land acquired with loan proceeds without the consent of the Council, and to insure that such lands and interests therein be devoted exclusively to the state highway purposes for which they were acquired.

5.04 Agreement to Convey. The Recipient agrees that upon the request of the authority authorized to construct the highway for which this right-of-way has been reserved, the Recipient will convey the property to the authority at the same price the Recipient paid for the property, including costs identified in paragraph 1.02 for acquisition costs.

5.05 Rights Reserved. If the Council finds that there has been a failure to comply with the provisions of this agreement, the Council reserves the right to take any and all actions as it deems necessary or appropriate to protect the Council's interest, provided that the Council agrees to notify the Recipient of any such failure to comply and to provide a reasonable opportunity to comply. The Recipient agrees that discharge of the loan does not invalidate continuing obligations imposed on the Recipient by this agreement. Termination of this agreement does not alter the Council's authority to disallow costs and recover funds on