chases loans made by lending institutions to eligible low and moderate-income persons.

The Mortgage Purchase Program is funded by the sale of tax-exempt revenue bonds. Both the acquisition cost and income limits are set by CDA using the guidelines of the Mortgage Subsidy Bond Tax Act of 1980. Acquisition costs vary by region.

Recently, federal law designated targeted, generally low-income areas for which 20 percent of the funds from bond issues must be set aside. In these areas, purchase price limits are slightly higher and buyers are not required to be first-time home buyers.

Both newly constructed and existing homes are eligible under the Mortgage Purchase Program. MPP is designed primarily for first-time home buyers. Applications for loans are made to a participating mortgage lender.

MULTI-FAMILY PROGRAM

The Multi-Family Program began in 1974. It makes three types of financing available to nonprofit and limited dividend developers of multifamily rental housing: construction loans, permanent financing, and combined permanent financing and construction loans.

Financing of multi-family housing developments is provided through the sale of tax-exempt revenue bonds and construction loan notes. The multi-family developments are targeted for families and elderly persons with limited incomes. In addition to tax-exempt financing through the State, developments financed under this program receive rent subsidies under the federal government's Section 8 Program.

The Multi-Family Program accounts for roughly 60 percent of the housing financed by CDA.

REHABILITATION PROGRAMS

The Maryland Housing Rehabilitation Program (MHRP) is designed to preserve the State's stock of existing housing by making direct, low-interest loans available to limited-income homeowners for use in repair and renovation. MHRP also makes direct loans available to the owners of apartment buildings of up to twenty units and commercial properties. Under the requirements of the program, recipients of loans for the renovation of rental properties must make at least two-thirds of the units available to low-income tenants.

MHRP was authorized by the General Assembly in 1975. It is funded by State General Obligation Bonds.

In 1982, the Residential Energy Conservation Program was added to the rehabilitation programs of the Community Development Administration. Funded with $1 million in CDA funds, the Residential Energy Conservation Program makes reduced interest loans for energy conservation improvements in single-family homes and rental apartment buildings. This is the first CDA program to have no income limits. It is available to anyone in the State. The program represents CDA's continuing efforts to work with the private sector. The program will be expanded using the proceeds of revenue bond sales.

CDA is the administering agency for federal funds which subsidize rental housing under the Section 8 Existing Program and the Moderate Rehabilitation Program. These funds are provided to the State through the U. S. Department of Housing and Urban Development under the Federal Housing Act of 1937 (42 USC 1437) amended.

Under the Section 8 Existing Program, participating landlords make rental housing, which meets occupancy standards, available to low-income families. To qualify, total family income must be 80 percent or less of the median income for the area in which the housing is located. As an administering local agency, CDA accepts and reviews applications from prospective tenants for participation in the program. Families that qualify are issued Certificates of Family Participation.

Owners, who agree to rent to these families, sign a contract with CDA or the administering local agency that guarantees payments to the owner as long as the housing and lease adhere to federal standards. The U. S. Department of Housing and Urban Development, through CDA, subsidizes that part of the rent which exceeds 25 percent of the family's total income. Individual applicants must find their own housing. In this way, families may select neighborhoods that best suit their needs.

Other than the elderly, disabled, or handicapped, the only single persons automatically eligible for the Section 8 Existing Program are those displaced from their previous housing by governmental actions, or those who are the remaining member of a tenant family.

Gross rent, that is, the contract rent received by an owner plus a utilities allowance supplied by the tenant, cannot exceed the HUD determined and published "Fair Market Rent" for the area. HUD decides the fair market rent by comparing area housing and determining that contract rent