

pay for bonds issued to obtain the funds necessary for the making of the loans herein provided, plus an additional rate of interest at a level to make the program self-supporting. No "points" or other interest may be charged to either the buyer or seller on any purchase made under this subheading. Loans made under the provisions of this subheading shall be secured by a first mortgage or first deed of trust on the property purchased.

(b) An applicant must meet each of the following conditions, to be eligible for a mortgage under this section:

(1) An applicant must be a purchaser who intends to reside in the dwelling.

(2) An applicant shall have no previous mortgage in effect at time of application.

(3) An applicant shall have a gross income of such amount that he cannot reasonably secure a mortgage at existing private lending rates and has been rejected for a mortgage by at least two lending institutions. Each application for a loan shall be accompanied by an income tax return for the past calendar year, said return being a certified copy obtained from the Comptroller's office.

(4) An applicant shall have been a resident of the State of Maryland for more than three (3) years prior to date of application, and shall not own real property other than a dwelling unit in which the applicant resides or lot upon which the applicant intends to build a dwelling unit at the time of application.

(c) Mortgages or deeds of trust held as security for loans made under this subheading which are in default may be foreclosed by the Division in the same manner as provided by statute and the Maryland Rules of Procedure for foreclosures in private transactions. The Division is authorized to take title in its name to any such property foreclosed, as well as to convey title to such property to bona fide purchasers thereof.

(d) Any property mortgaged under this subheading may be transferred. However, should the transferee fail to qualify under subsection (b) of this section, the mortgage in effect shall be terminated upon the transfer of the property, and any moneys due under the mortgage shall be repaid to the Division.]

[266FF-3.

The Division has the following additional powers and