

COUNTY LOCAL LAWS

taxes, insurance, maintenance, and utilities).

(c) Terms of the loan shall be based upon the owner's financial circumstances at the time of the loan commitment. If the initial rate of interest is three percent or less, the interest rate must be increased to a higher rate upon a determination that twenty-five percent of the property owner's family gross income is sufficient to pay the monthly costs of shelter (principal, interest, taxes, insurance, maintenance, and utilities) at such higher rate.

The initial interest rate may be decreased upon a determination that the property owner will pay more than twenty-five percent of family gross income for the monthly costs of shelter (principal, interest, taxes, insurance, maintenance and utilities) and undue financial hardship would occur if the interest rate remained as previously established.

(d) Security for loans made pursuant to this fund shall be of such a nature as will best protect the interests of the county at minimum costs and shall be determined on an individual basis pursuant to regulations to be established by the county executive.

(e) Existing mortgages or lien holders whose mortgages or liens are secured by the existing improvements must consent to the removal of the existing improvements. Such mortgages or lien holders shall have the option to make a reconstruction loan to the applicant if the parties so desire.

(f) The interest rate shall be increased to the market rate if the property is sold except that if the property is purchased by the Montgomery County Housing Authority, the interest rate shall be three percent or if the property is purchased by a person who meets the eligibility requirements of Section 56-5(a). The interest rate shall be determined by Section 56-5(b).

Sec. 4. Section 56-6, title "Administration," of Chapter 56, title "Urban Renewal and Community Development," of the Montgomery County Code 1972, as amended, be and it is hereby repealed and re-enacted, with amendments, to read as follows:

56-6. Administration.

The homeowners' construction loan fund shall be administered by the director of the Department of Community and Economic Development, pursuant to regulations to be adopted by the county executive.