257L.

(b) (8) "Fund" means the [net proceeds of State bonds designated for the purpose of this section] SPECIAL FUND ESTABLISHED UNDER § 257L(G)

(c) (6) LOANS MAY NOT EXCEED AN AMOUNT THE SECRETARY SHALL ESTABLISH BY REGULATION AND THEY MAY NOT BE MADE WHERE COMPARABLE PRIVATE FINANCING IS AVAILABLE TO THE PROSPECTIVE BORROWERS. LOANS OVER $3,500 SHALL BE SECURED BY A RECORDED MORTGAGE ON THE PROPERTY. Loans shall be made from the fund to families of limited income owning and occupying the building to be rehabilitated, or to sponsors. Loans may be either insured or uninsured as the Department requires, and shall be at a rate of interest [at least equal to the rate of interest paid by the State on the bonds issued to establish the fund plus an amount calculated to cover administrative costs incurred by the Department for the program, and losses resulting from defaults on loans. Loans may not exceed an amount the Secretary shall establish by regulation and they may not be made where comparable private financing is available to the prospective borrowers. Loans over $3,500 shall be secured by a recorded mortgage on the property.] THAT IS:

(I) AT LEAST SUFFICIENT TO COVER:

1. ALL ADMINISTRATIVE AND OTHER EXPENSES OF THE PROGRAM;

2. REASONABLY EXPECTED LOSSES DUE TO DEFAULTS ON LOANS; AND

3. THE INTEREST COST OF MONEYS USED TO FUND THE PROGRAM, WHICH MAY BE THE ACTUAL INTEREST COST OF MONEYS BORROWED BY THE STATE AND APPROPRIATED TO THE PROGRAM, OR THE IMPUTED INTEREST COST OF GENERAL FUNDS OR LOAN REPAYMENTS APPROPRIATED TO THE PROGRAM; AND

(II) NOT LESS THAN A RATE THAT IS 5 PERCENTAGE POINTS BELOW THE PREVAILING RATE ON COMPARABLE LOANS MADE BY PRIVATE LENDERS AS DETERMINED BY THE DEPARTMENT, UNLESS THE DEPARTMENT ALSO DETERMINES THAT THE PREVAILING RATE IS SO HIGH THAT THIS CONDITION IS NOT COMPATIBLE WITH BOTH PRUDENT LOAN UNDERWRITING STANDARDS AND WITH THE INCOME LIMITS ESTABLISHED UNDER § 257L(B)(4) OF THIS SUBTITLE.

(G) (1) THE PROGRAM SHALL OPERATE AS A CONTINUING, NONLAPSING, SPECIAL FUND, THAT CONSISTS OF MONEYS APPROPRIATED BY THE STATE TO THE PROGRAM.

(2) THE DEPARTMENT SHALL USE THE FUND TO MAKE LOANS AND TO PAY EXPENSES OF THE PROGRAM, AS PROVIDED IN THE ANNUAL BUDGET OF THE STATE OR OTHER ACT APPROPRIATING MONEYS.