

13-307.

(A) The Department periodically shall set a preferred interest rate that, as long as moneys borrowed by the State are appropriated to the program, complies with any applicable federal treasury regulations governing the borrowing of moneys by the State.

(B) The preferred interest rate shall be:

(1) At] AT least sufficient to cover:

[(i)] (1) All administrative and other expenses of the program; AND

[(ii)] (2) Reasonably expected losses due to defaults on loans-+-; and

-~~(iii)~~- (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

(2) 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:

(i) 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 § 13-306(d) of this subtitle; or

(ii) The Department also determines that a rate that is more than 5 percentage points below the prevailing rate is necessary to comply with federal treasury regulations governing the borrowing of moneys by the State].

(C) THE DEPARTMENT MAY SET A LOWER RATE OR RATES OF INTEREST IF:

(1) THE LOANS SERVE BORROWERS WHOSE INCOMES DO NOT EXCEED 80 PERCENT OF THE MAXIMUM INCOME LIMITS THAT THE DEPARTMENT MAY ESTABLISH;

(2) THE LOWER RATE OR RATES ARE NOT LESS THAN THE GREATER OF 60 PERCENT OF THE ACTUAL INTEREST COST OF MONEYS USED TO FUND THE PROGRAM OR A RATE OF 4 PERCENT; AND

(3) THE SECRETARY DETERMINES THAT THE BORROWERS SERVED BY THESE LOANS DO NOT HAVE SUFFICIENT INCOME TO REPAY A LOAN AT A HIGHER RATE.

(D) THE DEPARTMENT SHALL INCLUDE IN ITS REQUEST FOR APPROPRIATIONS FOR THE PROGRAM ANY INFORMATION REQUESTED BY THE