

subdivisions on the administration of their rehabilitation programs.

(5) [The Department shall consult from time to time with an advisory council which consists of eight members appointed by the Secretary of the Department, at least five of whom shall be representatives of political subdivisions.] LOANS MADE UNDER THE SPECIAL LOAN PROGRAMS MAY PERMIT:

(I) DEFERRED PAYMENT OF PRINCIPAL AND INTEREST UNTIL THE MATURITY DATE OR THE DATE OF ANY SALE OR OTHER TRANSFER OF THE BUILDING OR AN INTEREST IN THE BUILDING;

(II) INCREASED RATE OF INTEREST OR ACCELERATED PAYMENT OF PRINCIPAL AND INTEREST IF THE BORROWER NO LONGER QUALIFIES FOR THE LOAN; OR

(III) ADVANCE PAYMENT TO A NONPROFIT SPONSOR FOR CERTAIN DEVELOPMENT COSTS INCLUDING ARCHITECTS', ENGINEERS' AND ATTORNEYS' FEES.

(6) (i) 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 \$5,000 shall be secured by a recorded mortgage or deed of trust on [the] REAL property. Loans shall be made from the fund to families of limited income owning and occupying the building to be rehabilitated, or to sponsors OR NONPROFIT SPONSORS. Loans may be either insured or uninsured as the Department requires. LOANS MAY COVER THE COSTS OF A REHABILITATION PROJECT AND CLOSING COSTS OF THE LOAN. LOANS MAY COVER COSTS RELATED TO THE IMPLEMENTATION OF A REHABILITATION PROJECT SUCH AS APPRAISAL FEES OR ARCHITECTURAL AND ENGINEERING FEES.

(ii) Except as provided in subparagraph (iii) of this paragraph, loans shall be at a rate of interest that is, as long as the State complies with any applicable federal treasury regulations governing the borrowing of moneys by the State 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.