

(A) LOANS UNDER THE RENTAL HOUSING PRODUCTION PROGRAM SHALL MAY BE SECURED BY A MORTGAGE LIEN, WHICH MAY BE SUBORDINATE TO OTHER MORTGAGE LIENS, AND MAY INCLUDE SUCH TERMS AS THE DEPARTMENT DEEMS NECESSARY TO MAKE THE RENTAL HOUSING AFFORDABLE TO FAMILIES OF LOWER INCOME, INCLUDING DEFERRED PAYMENT OF PRINCIPAL AND INTEREST AND INTEREST RATES AS LOW AS ZERO PERCENT.

(B) A LOAN MAY BE USED:

(1) FOR CAPITAL ASSISTANCE TO FINANCE ALL OR A PORTION OF THE DEVELOPMENT COSTS OF A RENTAL HOUSING PRODUCTION PROJECT, IN WHICH CASE THE LOAN SHALL BE SECURED BY A MORTGAGE LIEN; OR

(2) FOR OPERATING ASSISTANCE TO REDUCE THE OPERATING COSTS OF A RENTAL HOUSING PRODUCTION PROJECT BY DEPOSITING THE LOAN PROCEEDS IN AN INTEREST BEARING ESCROW ACCOUNT SUBJECT TO THE CONTROL OF THE DEPARTMENT THAT MAY SHALL BE MADE AVAILABLE FOR PAYING SOME OR ALL OF THE OPERATING COSTS OF A PROJECT INCLUDING THE PRINCIPAL AND INTEREST WHEN DUE ON ANY PRIOR MORTGAGE LOAN SECURING THE RENTAL HOUSING PRODUCTION PROJECT.

(C) THE DEPARTMENT MAY MODIFY THE RATE OF INTEREST, THE TIME OR AMOUNT OF PAYMENT, OR ANY OTHER TERM OF A LOAN IN ORDER TO ENSURE REPAYMENT OF THE LOAN AND ACHIEVE THE PURPOSES OF THE PROGRAM.

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(A) THE DEPARTMENT SHALL APPROVE APPLICATIONS FOR PROPOSED RENTAL HOUSING PRODUCTION PROJECTS ONLY IF THE POLITICAL SUBDIVISION IN WHICH A PROPOSED PROJECT IS SITUATED HAS APPROVED THE PROJECT AND HAS MADE A CONTRIBUTION TO REDUCE THE DEVELOPMENT COSTS OR OPERATING COSTS OR OTHERWISE SUPPORT THE PROJECT.

(B) THE DEPARTMENT SHALL CONSIDER IN APPROVING APPLICATIONS FOR LOANS:

(1) THE ECONOMIC FEASIBILITY OF THE PROJECT;

(2) THE POLITICAL SUBDIVISION'S CONTRIBUTION FOR THE PROJECT IN RELATION TO THE SUBDIVISION'S ABILITY TO CONTRIBUTE; AND

(3) OTHER FACTORS THAT MAY BE RELEVANT.

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BY REGULATION, THE DEPARTMENT MAY ESTABLISH:

(1) STANDARDS OF ELIGIBILITY FOR SPONSORS;

(2) LIMITATIONS ON THE RETURN ON INVESTMENT ALLOWED TO SPONSORS;