

(5) ESTABLISH GUIDELINES TO DETERMINE THE CAPACITY OF THE GROUP HOME SPONSOR TO MANAGE THE GROUP HOME, PROVIDE NECESSARY SERVICES, AND REPAY THE LOAN; AND

(6) ADOPT RULES AND REGULATIONS TO CARRY OUT THE PROGRAM IN CONFORMANCE WITH STATUTORY REQUIREMENTS.

2-705.

(A) LOANS UNDER THE PROGRAM SHALL BE SECURED BY A MORTGAGE LIEN AND MAY INCLUDE SUCH TERMS AS THE DEPARTMENT DEEMS NECESSARY TO MAKE THE GROUP HOME AFFORDABLE TO PERSONS OF LOWER INCOME, INCLUDING, IN EXCEPTIONAL CIRCUMSTANCES, DEFERRED PAYMENT OF PRINCIPAL AND INTEREST AND INTEREST RATES AS LOW AS ZERO PERCENT.

(B) EACH LOAN SHALL CONTAIN TERMS REQUIRING REPAYMENT OF ALL UNPAID PRINCIPAL AND ACCRUED INTEREST, WHICH MAY HAVE BEEN DEFERRED, AT THE FIRST TO OCCUR OF:

(1) A STATED DATE WHICH MAY BE THE MATURITY DATE OF THE LOAN;

(2) THE DATE OF ANY SALE OR OTHER TRANSFER OF THE GROUP HOME OR A CONTROLLING INTEREST IN THE GROUP HOME; OR

(3) DISCONTINUANCE OF USE AS A GROUP HOME.

(C) (1) EACH LOAN SHALL PROVIDE FOR:

(I) A LIMIT ON THE RETURN ON EQUITY ALLOWED TO A GROUP HOME SPONSOR;

(II) SOME FORM OF EQUITY PARTICIPATION BETWEEN THE DEPARTMENT AND THE GROUP HOME SPONSOR; OR

(III) ACCRUED AND DEFERRED INTEREST IN AN AMOUNT WHICH, IN THE DETERMINATION OF THE DEPARTMENT, CAN REASONABLY BE EXPECTED TO BE REPAID FROM ANY PROFIT RESULTING FROM THE SALE OF THE GROUP HOME.

(2) IN THE EVENT ACCRUED AND DEFERRED INTEREST UNDER PARAGRAPH (1)(III) OF THIS SUBSECTION EXCEEDS THE PROFIT FROM THE SALE OF THE GROUP HOME, THE DEPARTMENT MAY FORGIVE THAT PORTION OF ACCRUED AND DEFERRED INTEREST WHICH EXCEEDS THE PROFIT FROM THE SALE OF THE GROUP HOME.

(3) THE DEPARTMENT MAY PERMIT PAYMENT OF A REASONABLE RETURN TO THE GROUP HOME SPONSOR BEFORE REPAYMENT OF ANY ACCRUED AND DEFERRED INTEREST.

(D) A LOAN MAY BE USED TO FINANCE: